

# 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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Department requiring the report

M	S	R	D
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Secondary License Type, If Applicable

Not Applicable

## COMPANY INFORMATION

Company's Email Address

fmsd@cityland.net

Company's Telephone Number

893-6060

Mobile Number

N/A

No. of Stockholders

686 (as of April 15, 2016)

Annual Meeting (Month / Day)

1<sup>st</sup> Tuesday of June

Fiscal Year (Month / Day)

December 31

## CONTACT PERSON INFORMATION

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

Name of Contact Person

RUDY GO

Email Address

cdc\_rg@cityland.net

Telephone Number/s

893-6060

Mobile Number

N/A

## CONTACT PERSON'S ADDRESS

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

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

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



**CITYLAND  
DEVELOPMENT  
CORPORATION**

**NOTICE OF ANNUAL STOCKHOLDERS' MEETING**

NOTICE IS HEREBY GIVEN that the annual stockholders meeting of **CITYLAND DEVELOPMENT CORPORATION**, will be held at the 3F Cityland Condominium 10 Tower 2, 154 H.V. Dela Costa Street, Makati City, on June 7, 2016 at 4:00pm with the following:

**AGENDA**


1. Call to Order
2. Approval of Minutes of previous meeting
3. President's Report
4. Election of Directors (including Independent Directors)
5. Appointment of the External Auditor
6. Confirmation of all acts of the Board of Directors for the period covering January 1, 2015 through December 31, 2015 adopted in the ordinary course of business, including but not limited to:
  - a. Approval of investments;
  - b. Treasury matters related to opening of accounts and bank transactions;
  - c. Appointment of signatories and amendments thereof; and
  - d. Annual Report and related Financial Statements
7. Other matters which may be raised before the body
8. Adjournment

For the purpose of the meeting, only stockholders of record as of May 9, 2016 are entitled to attend and vote in the said meeting.

Copies of the minutes of the annual stockholders' meeting held on June 2, 2015 will be available upon request.

Makati City, April 25, 2016

FOR THE BOARD OF DIRECTORS

  
**EMMA G. JULARBAL**  
Corporate Secretary

*\*We are not soliciting your proxy. However, if you would be unable to attend the meeting but would like to be represented thereat, you may accomplish the enclosed proxy form and submit the same to the Office of the Corporate Secretary at 3F Cityland Condominium 10 Tower 1, 156 H.V. Dela Costa Street, Makati City on or before May 18, 2016. Validation of proxies shall be held on May 31, 2016 at the Office of the Secretary. Thank you.*

# PROXY

The undersigned stockholder of CITYLAND DEVELOPMENT CORPORATION (the "Company") hereby appoints \_\_\_\_\_ or in his absence, the Chairman of the meeting, as *attorney-in-fact* and *proxy*, with power of substitution, to present and vote all shares registered in my/our name as proxy of the undersigned stockholder, at the Annual Meeting of Stockholders of the Company on June 7, 2016 and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Election of Directors

- ☐ Vote for all nominees listed below:  
Washington SyCip (Independent Director)  
Andrew I. Liuson  
Stephen C. Roxas  
Grace C. Liuson  
Josef C. Gohoc

Peter S. Dee (Independent Director)  
Sabino R. Padilla, Jr.  
Alice C. Gohoc  
Helen C. Roxas

- ☐ Withhold authority to vote for all nominees.

- ☐ Withhold authority to vote for the nominees listed below:

_____	_____
_____	_____
_____	_____
_____	_____

2. Approval of minutes of previous meetings.

- ☐ Yes ☐ No ☐ Abstain

3. Approval of annual report.

- ☐ Yes ☐ No ☐ Abstain

4. Confirmation of all acts and resolutions of the Board of Directors for the period covering January 01, 2015 through December 31, 2015.

- ☐ Yes ☐ No ☐ Abstain

5. Appointment of External Auditor.

- ☐ Yes ☐ No ☐ Abstain

6. At their discretion, the proxies named above are authorized to vote upon such other matters as may properly come before the meeting.

- ☐ Yes ☐ No

Signature over printed name of stockholder

Date: \_\_\_\_\_

This proxy should be received by the Corporate Secretary on or before May 18, 2016, deadline for submission of proxies.

This proxy, when properly executed, will be voted in the manner as directed herein by the stockholder(s). If no direction is made, this proxy will be voted for the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the information statement and/or as recommended by management or the board of directors.

A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the stockholder attends the meeting in person and expresses his/her intention to vote in person.

## SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS  
INFORMATION STATEMENTINFORMATION STATEMENT PURSUANT TO SECTION 20  
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:  
☒ Preliminary Information Statement  
☐ Definitive Information Statement
2. Name of the Registrant as specified in its charter **Cityland Development Corporation**
3. **Makati City, Philippines**  
 Province, country or other jurisdiction of incorporation or organization
4. SEC Identification Number **77823**
5. BIR Tax Identification Code **000-527-103**
6. **2<sup>nd</sup> Floor Cityland Condominium 10 Tower I, 156 H.V. Dela Costa Street, Makati City**  
 Address of principal office **1226**  
 Postal Code
7. Registrant's telephone number, including area code **(632) 893-6060**
8. Date, time and place of the meeting of security holders  
 Date - **June 7, 2016**  
 Time - **4:00pm**  
 Place - **3F Cityland Condominium 10 Tower II, 154 H.V. Dela Costa Street, Makati City, Philippines**
9. Approximate date on which the Information Statement is to be first sent or given to security holders  
**May 17, 2016**
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

<u>Title of Each Class</u>	<u>Number of Shares Outstanding</u>
<b>Unclassified Common Shares</b>	<b>3,571,940,453</b>

11. Are any or all of registrant's securities listed on a Stock Exchange?

Yes   x   No       

If yes, disclose the name of such stock exchange and the class of securities listed therein:

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

## INFORMATION REQUIRED IN INFORMATION STATEMENT

### A. GENERAL INFORMATION

#### I. Date, Time and Place of Meeting of Security Holders.

Date	-	June 7, 2016
Time	-	4:00 pm
Place	-	3 <sup>rd</sup> Floor Cityland Condominium 10 Tower II, 154 H.V. Dela Costa Street, Makati City, Philippines
Principal Office	-	2 <sup>nd</sup> Floor Cityland Condominium 10 Tower I, 156 H.V. Dela Costa Street, Makati City, Philippines

Approximate date on which the Information Statement is to be first sent or given to security holders  
**May 17, 2016.**

#### II. Dissenters' Right of Appraisal

Under the Corporation Code, a dissenting stockholder who has voted against a proposed corporate action, shall have the right of appraisal or the right to demand payment of the fair value of his shares only in the following instances:

1. Any amendment to the Articles of Incorporation which has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of the outstanding shares of any class, or of extending or shortening the term of corporate existence;
2. Sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets;
3. Merger or consolidation;
4. Investment in another corporation, business or for any purpose other than the primary purpose for which the corporation was organized.

Statutory procedures to be followed by the dissenting security holders in order to perfect such rights:

1. The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken for payment of the fair values of his shares: Provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or affected, the corporation shall pay to such stockholder, upon surrender of the certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.
2. If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation, and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after the award is made: provided, further, that upon payment by the corporation of the agreed or awarded price, the stockholder shall forth with transfer his shares to the corporation.

There is no matter to be acted upon at the annual stockholders' meeting of the Registrant which would fall under any of the foregoing instances of appraisal.

#### III. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

1. No person who has been a director or officer of the Registrant, nor a nominee for election as a director of the Registrant, nor any of their associates have a substantial interest in any

matter to be acted upon at the annual stockholders' meeting, other than the election of directors for the fiscal year 2015.

2. No director has informed the Registrant in writing that he intends to oppose any action to be taken at the annual stockholders' meeting.

## B. CONTROL AND COMPENSATION INFORMATION

### IV. Voting Securities and Principal Holders Thereof

1. The Registrant has **3,571,940,453** unclassified common shares issued and outstanding (excluding treasury shares which total to **1,937,947**) as of **March 31, 2016**. Each common share shall be entitled to one vote with respect to all matters to be taken up during the annual stockholders' meeting.
2. The record date for determining stockholders entitled to notice and to vote during the annual stockholders meeting and also to this information statement is on **May 9, 2016**.
3. In the election of directors, the number of votes to which each stockholder is entitled shall be equal to the number of shares he owns multiplied by the number of directors to be elected. All stockholders shall have cumulative voting rights. Each stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit.
4. Security Ownership of Record and Beneficial Owner and Management
  - a. Security Ownership of Record and Beneficial Owner owning more than 5% of the outstanding capital stock of the Registrant as of March 31, 2016:

Title of Class	Name, Address & Relationship with Issuer	Beneficial Owner & Relationship	Citizenship	No. of Direct Shares Held	%
Unclassified common shares	Cityland, Inc. * 3F Cityland Condominium 10 Tower 1, 156 H.V. Dela Costa Street, Makati City - principal stockholder		Filipino	1,820,826,325	50.97%
Unclassified common shares	Stephen C. Roxas 1392 Campanilla St., Dasmariñas Village, Makati -Director / Chairman of Executive Committee	Lincoln Roxas Jefcon, Inc. Obadiah Inc.	Immediate family sharing the same household Corporation of which record owner is a controlling shareholder	Filipino	179,132,018 5.01%
Unclassified common shares	Grace C. Liuson 2072 Lumbang cor. Cypress Dasmariñas Village, Makati -Director / Deputy Vice Chairman of the Board	-N.A.-	Filipino	190,582,667	5.34%

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

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

- 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 March 31, 2016:

Title of Class	Name of Beneficial Owner / Position	No. of Shares Held	Nature of Ownership	Citizenship	%
<b>Directors:</b>					
Unclassified common shares	Washington SyCip Independent Director / Chairman of the Board	982	Direct	American	--
Unclassified common shares	Andrew I. Liuson Director / Vice Chairman of the Board	129,984,250	Direct / Indirect	Filipino	3.64%
Unclassified common shares	Stephen C. Roxas Director / Chairman of Executive Committee	259,776,733	Direct / Indirect	Filipino	7.27%
Unclassified common shares	Grace C. Liuson Director / Deputy Vice Chairman of the Board	190,582,667	Direct	Filipino	5.34%
Unclassified common shares	Josef C. Gohoc Director / President	77,806,308	Direct / Indirect	Filipino	2.18%
Unclassified common shares	Peter S. Dee Independent Director	456,730	Direct	Filipino	0.01%
Unclassified common shares	Sabino R. Padilla, Jr. Director	65,242	Direct	Filipino	--
Unclassified common shares	Alice C. Gohoc Director	126,912,164	Direct / Indirect	Filipino	3.55%
Unclassified common shares	Helen C. Roxas Director	54,295,987	Direct	Filipino	1.52%
<b>Executive Officers:</b>					
Unclassified common shares	Emma A. Choa Executive Vice President / Treasurer	2,412,370	Direct	Filipino	0.07%
Unclassified common shares	Eden F. Go Vice President	60	Direct	Filipino	--
Unclassified common shares	Rudy Go Senior Vice President	1,627,964	Direct	Filipino	0.05%
Unclassified common shares	Melita M. Revuelta Vice President	151,512	Direct	Filipino	--
Unclassified common shares	Romeo E. Ng Vice President	2,088,317	Direct	Filipino	0.06%
Unclassified common shares	Melita L. Tan Vice President	546,366	Direct	Filipino	0.02%
Unclassified common shares	Emma G. Jularbal Vice President – Legal Affairs and Corporate Secretary	3,150	Direct	Filipino	--
Unclassified common shares	Catherine Grace T. Wong Assistant Corporate Secretary	4,036,313	Direct	Filipino	0.11%
<b>Security Ownership of all Directors and Officers</b>		<b>850,747,115</b>			<b>23.82%</b>

- d. The Registrant knows no person holding more than 5% of common shares under a voting trust or similar agreement.
- e. No change of control in the corporation has occurred since the beginning of the last fiscal year.

f. Percentage of ownership as of March 31, 2016:

Nationality	Number of shares	Percentage of ownership
Local-owned shares (Filipino)	3,494,629,267	97.84
Foreign-owned shares (Non-Filipino)	77,311,186	2.16
<b>Total</b>	<b>3,571,940,453</b>	<b>100.00</b>

## V. Directors and Executive Officers

### 1. Identify Directors, Including Independent Directors, and Executive Officers

Name	Citizenship	Position(s) Held with the Registrant	Term of Office (Year)	Period of Service	Age	Family Relationship
Washington SyCip	American	Chairman of the Board / Independent Director	1	06/13/01 to present	94	--
Andrew I. Liuson	Filipino	Vice Chairman of the Board / Director	1	01/16/08 to present	71	Husband of Grace Liuson
Stephen C. Roxas	Filipino	Chairman of the Executive Committee / Director	1	07/01/97 to present	74	Husband of Helen Roxas; brother of Grace Liuson and Alice Gohoc
Grace C. Liuson	Filipino	Deputy Vice Chairman of the Board / Director	1	02/01/11 to present	70	Wife of Andrew Liuson and sister of Stephen Roxas and Alice Gohoc
Josef C. Gohoc	Filipino	President / Director	1	02/01/11 to present 01/14/11 to present	45	Nephew of Stephen Roxas and Grace Liuson; son of Alice Gohoc
Peter S. Dee	Filipino	Independent Director	1	1982 to present	74	--
Sabino R. Padilla, Jr.	Filipino	Director	1	2006 to present	80	--
Alice C. Gohoc	Filipino	Director	1	1996 to present	73	Sister of Stephen Roxas and Grace Liuson; mother of Josef Gohoc
Helen C. Roxas	Filipino	Director	1	1979 to present	66	Wife of Stephen Roxas
Emma A. Choa	Filipino	Executive Vice President / Treasurer	--	02/01/11 to present	55	--
Rudy Go	Filipino	Senior Vice President/ Chief Financial Officer/ Compliance Officer & Corporate Information Officer	--	08/16/07 to present	56	--
Emma G. Jularbal	Filipino	Vice President – Legal Affairs / Corporate Secretary	--	07/01/01 to present	59	--
Eden F. Go	Filipino	Vice President	--	01/16/08 to present	63	--
Melita M. Revuelta	Filipino	Vice President, Assistant Corporate Secretary, alternate Compliance Officer & alternate Corporate Information Officer	--	01/16/08 to present	57	--
Romeo E. Ng	Filipino	Vice President	--	01/10/05 to present	54	--
Melita L. Tan	Filipino	Vice President	--	02/16/04 to present	55	--

## Business Experience for the Past Five Years

<u>Name</u>	<u>Name of Office</u>	<u>Positions</u>
WASHINGTON SYCIP	Aboitiz Transport Systems, Inc. Asian Eye Institute Asian Institute of Management Asian Terminals Inc. Banco de Oro Belle Corporation Century Properties Group Inc. Commonwealth Foods, Inc. Eton Properties First Philippine Holdings, Corp. Gokongwei Brothers Foundation Highlands Prime Inc. I-Academy Investment and Capital Corp. of the Phils. JG Summit Holdings Jollibee Food Corporation Lopez Holdings Corp. Lucio Tan Group Lufthansa Technik Philippines, Inc. MacroAsia Corp. Metropolitan Bank & Trust Co. Metrobank Foundation, Inc. Metro Pacific Investment Corp. Philippine Equity Management Inc. Philippine Airlines, Inc. Philippine Business for Education Philippine Chamber of Commerce and Industry Philippine Hotelier, Inc. Philippine Long Distance Telephone Co. Philippine National Bank PhilamLife, Inc. Philippine Rural Reconstruction Movement The PHINMA Group PinoyMe Foundation Realty Investment, Inc. Stateland, Inc. State Properties Corporation Steag State Power, Inc. Synergeia Foundation Tan Yan Kee Foundation	Independent Director Independent Director Chairman Emeritus Adviser to the Board Adviser to the Board Independent Director Board of Adviser Independent Director Director Independent Director Trustees Independent Director Board of Governors Senior Adviser to the Board Adviser to the Board Adviser to the Board Independent Director Director Chairman Chairman Adviser to the Board Board of Trustees Independent Director Independent Director Director Trustee Senior Adviser Independent Director Adviser to the Board Director Independent Director Member – Council of Adviser Independent Director Trustee Independent Director Independent Director Chairman Chairman Board of Trustees Trustee
ANDREW I. LIUSON	City & Land Developers, Incorporated Cityland, Inc. Cityplans, Incorporated Febias College of Bible International Graduate School of Leadership Grace Christian College Philippine Council of Evangelical Churches	Director / Vice Chairman of the Board Director / Vice Chairman of the Board Director / Chairman of the Board Chairman Chairman Chairman Vice Chairman
STEPHEN C. ROXAS	City & Land Developers, Incorporated Cityland, Inc. Cityplans Incorporated MGC New Life Christian Academy Center for Community Transformation	Director / Chairman of Excom Director / Chairman of the Board Director / President Chairman Vice Chairman
GRACE C. LIUSON	City & Land Developers, Incorporated Cityland, Inc. Cityplans, Incorporated Youth Gospel Church Makati Gospel Church Cityland Foundation Inc.	Director / Deputy Vice Chairman of the Board Director / Deputy Vice Chairman of the Board Director / Exec. Vice President/ Treasurer Treasurer / Trustee Treasurer Director

<b><u>Name</u></b>	<b><u>Name of Office</u></b>	<b><u>Positions</u></b>
JOSEF C. GOHOC	City & Land Developers, Incorporated	Director / President
	Cityland, Inc.	Director / President
	Asian Business Solutions, Inc.	Director
	Philippine Trading & Investment Corporation	Director
	Atlas Agricultural & Mercantile Development Corp.	Director
PETER S. DEE	Febias College of Bible	Chairman
	Cityland Foundation, Inc.	Director
	Asean Finance Corporation, Ltd.	Director
	Alpolac, Inc.	Director
	China Banking Corp.	Director
	Commonwealth Foods, Inc.	Director
	The Big D Holdings Corporation	Director / Chairman; President
	Great Expectation Holdings, Inc.	Director / Chairman; President
	CBC Forex Corporation	Director / Chairman of the Board
	CBC Insurance Brokers, Inc.	Chairman of the Board
	CBC Properties & Computer Center Inc.	Director / President
	GDSK Development Corp.	Director
	Hydee Mgt. & Resource Corp.	Director
	Kemwerke, Inc.	Director
	Makati Curbs Holdings Corporation	Director
	Cityplans, Incorporated	Independent Director
	City & Land Developers, Incorporated	Independent Director
	Cityland, Inc.	Independent Director
SABINO R. PADILLA, JR.	Padilla Law Office	Partner
	Apostolic Nunciature to the Phils.	Legal Counsel
	Catholic Bishops Conference of the Philippines (CBCP) and various archdioceses & prelatures.	Legal Counsel
	Assoc. of Major Religious Superiors of the Phil.	Legal Counsel
	Philippine Association of Religious Treasurers	Legal Counsel
	Grace Christian College	Legal Counsel
	Various Catholic religious orders, societies, & congregation for men and women (Dominicans, Augustinian, Franciscan, Columbans, Religious of the Virgin Mary, Daughters of the Charity, Carmelite Sisters)	
	Bank of the Philippine Islands and its Subs.	Legal Counsel
	Ayala Land, Inc.	Legal Counsel
	State Investment Trust, Inc.	Legal Counsel
	Stateland Investment, Inc.	Chairman of the Board/Legal Counsel
	Mother Seton Hospital	Legal Counsel
	Our Lady of Lourdes Hospital	Legal Counsel
	St. Paul Hospital, Cavite	Legal Counsel / Trustee
	Various Catholic universities, colleges, schools	Legal Counsel
	Various Catholic universities, colleges, schools, and foundation.	Trustee
	City & Land Developers, Incorporated	Chairman of the Board
ALICE C. GOHOC	City & Land Developers, Incorporated	Director
	Cityland, Inc.	Director
	Philippine Trading & Investment Corporation	Director
	Atlas Agricultural & Mercantile Development Corp.	Director
	Asian Business Solutions, Inc.	Director
HELEN C. ROXAS	City & Land Developers, Incorporated	Director
	Cityland, Inc.	Director
	Cityplans, Incorporated	Director
	Good Tidings Foundation Inc.	Treasurer
	MGC New Life Christian Academy	Corporate Secretary
EMMA A. CHOA	City & Land Developers, Incorporated	Executive Vice President / Treasurer
	Cityland, Inc.	Executive Vice President / Treasurer

<u>Name</u>	<u>Name of Office</u>	<u>Positions</u>
EMMA G. JULARBAL	City & Land Developers, Incorporated	Vice President – Legal Affairs / Corporate Secretary
	Cityland, Inc.	Vice President – Legal Affairs / Corporate Secretary
	WorldNet Information & Services, Inc.	Director / Vice President
	Servicore, Inc.	Director
	Cityland Foundation, Inc.	Trustee / Chairman
	Cityland for Social Progress Foundation, Inc.	Trustee / President
	Christian Executive, Inc.	Trustee / Corporate Secretary
EDEN F. GO	City & Land Developers, Incorporated	Vice President
	Cityland, Inc.	Vice President
RUDY GO	City & Land Developers, Incorporated	Senior Vice President
	Cityland, Inc.	Senior Vice President
MELITA M. REVUELTA	City & Land Developers, Incorporated	Vice President
	Cityland, Inc.	Vice President & Asst. Corporate Secretary
	WorldNet Information & Services, Inc.	President
ROMEO E. NG	City & Land Developers, Incorporated	Vice President
	Cityland, Inc.	Vice President
MELITA L. TAN	City & Land Developers, Incorporated	Vice President
	Cityland, Inc.	Vice President

## 2. Identify Significant Employees

There is no identifiable significant employee because the Registrant expects each employee to do his share in achieving the corporation's set goals.

## 3. Involvement in Certain Legal Proceedings of Any of the Directors and Executive Officers During the Past Five Years up to the Latest Date

During the past five years up to the latest date, 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.

- None of them has been involved in any bankruptcy petition.
- 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.
- 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.
- 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.

## 4. Attendance of Board of Directors

For the year 2015, there were 20 Board of Directors' meetings. Below is the summary attendance of the members of the Board:

	No. of Meetings Attended / Held		
	Regular	Special	Total
Dr. Washington SyCip	3 / 4	12 / 16	15 / 20
Dr. Andrew I. Liuson	4 / 4	16 / 16	20 / 20
Mr. Stephen C. Roxas	4 / 4	16 / 16	20 / 20
Mrs. Grace C. Liuson	4 / 4	16 / 16	20 / 20
Mr. Josef C. Gohoc	4 / 4	16 / 16	20 / 20

(Forward)

	No. of Meetings Attended / Held		
	Regular	Special	Total
Mr. Peter S. Dee	3 / 4	14 / 16	17 / 20
Atty. Sabino R. Padilla, Jr.	4 / 4	16 / 16	20 / 20
Mrs. Alice C. Gohoc	4 / 4	16 / 16	20 / 20
Mrs. Helen C. Roxas	3 / 4	16 / 16	19 / 20

## 5. Legal Proceedings to Which the Registrant or Any of its subsidiaries is a Party

### A. *Cityland Development Corporation*

#### 1. **Esmeraldo Balosa vs. CDC**

Civil Case No. MC08-3563

Regional Trial Court Mandaluyong City, Branch 208

Date Instituted: April 11, 2008

Esmeraldo Balosa filed a case for Preliminary Mandatory Injunction with damages against Cityland after the Business and License Department of Mandaluyong City closed his stalls due to Balosa's failure to secure the necessary permits. He alleged that he has not been paying the lease because another entity is also claiming ownership of the leased property and that the property cannot be used for his business. Balosa claims Cityland illegally ejected him. The court dismissed the complaint of Balosa and denied his Motion for Reconsideration. Balosa appealed the decision to the Court of Appeals.

#### 2. **Arthur M. Litonjua vs. CDC**

LRC Case No. R-7442

Regional Trial Court Pasig City, Branch 161

Date Instituted: October 29, 2010

Arthur M. Litonjua filed a Petition dated October 29, 2010 and received by Cityland, last February 1, 2011, seeking an order to compel Cityland or any person in possession of the owner's duplicate copy of TCT No. 38762, to surrender the same to the Register of Deeds of Pasig City. In the alternative, Litonjua prayed for the annulment of said owner's duplicate copy should the person holding the same refuse to surrender the same, and for the Register of Deeds of Pasig City to issue a new certificate of title in the name of Litonjua and possession of the subject property.

Cityland commented that it had previously sold the property to Roy L. Borbon way back in March 28, 1995 but Borbon never claimed the title from Cityland to undertake the registration of the same. In a decision dated June 26, 2014, the court ordered Cityland to surrender the title to the Registry of Deeds for Pasig, or, in the alternative it ordered the Register of Deeds to issue a new certificate of title in the name of Litonjua.

#### 3. **Cristy Katsui vs. CDC**

Case No. NCR REM-062612-14812

HLURB – Expanded National Capital Region Field Office

Date Instituted: June 26, 2012

Cristy Katsui filed a Complaint dated June 20, 2012 before the Housing and Land Use Regulatory Board (HLURB), 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.

Land Use Arbiter and the HLURB rendered a decision for the complainant and the same was elevated to the office of the President which is now pending.

**4. Petition for Cancellation of Condominium Certificate of Title No. 008-2011001010 of the Registry of Deeds for Mandaluyong Under Sec. 108 of P.D. No. 1529 – CDC, Petitioner**

LRC Case No. MC13-705

Regional Trial Court Mandaluyong City, Branch 208

Date Instituted: November 27, 2013

Cityland filed a Petition to cancel Condominium Certificate of Title No. 008-2011001010 of the Registry of Deeds for Mandaluyong covering parking slot identified as PL-P012 of Mandaluyong Executive Mansion III, Brgy. Vergara, Mandaluyong City, on the ground that the site of the parking slot cannot accommodate a parked vehicle due to fixed obstructions above. The witness for Cityland was recalled by the court for cross-examination by the City Prosecutor.

**5. Baguio Cityland, Inc. vs. CDC & CI**

SEC CRMD Case No. 15-728

Securities & Exchange Commission- Company Registration & Monitoring Dept.

Date Instituted: April 20, 2015

Cityland filed a Complaint against Baguio Cityland, Inc. for violation of Section 18 of the Corporation Code of the Philippines. Cityland's prayed that SEC direct Baguio Cityland Inc to immediately amend its Article of Incorporation be deleting the name "Cityland" and changing its corporate name in a manner that will not cause any confusion to Cityland's business and identity. Favorable decision rendered by SEC. Awaiting finality and execution of the decision.

**6. Cityland Dev. Corp. vs. Triex International Brokerage**

Civil Case No. 15-937

Regional Trial Court Makati City, Branch 66

Date Instituted: September 8, 2015

Cityland filed a complaint for collection of money against Triex International Brokerage for its failure to pay/reimburse Cityland for the payments the latter made for real estate taxes due on the condominium units purchased by Triex, Unit 2305 of Pasong Tamo Tower. For serving of summons.

**7. Cityland Dev. Corp. vs. Precioso Salud**

Civil Case No. 15-964

Regional Trial Court Makati City, Branch 60

Date Instituted: September 15, 2015

Cityland filed a complaint for collection of money against Precioso Salud for his failure to pay/reimburse Cityland for the payments the latter made for real estate taxes due on the condominium units purchased by Salud, Unit 604 of Pasong Tamo Tower. Mediation is set on March 10, 2016.

**8. Cityland Dev. Corp. vs. The Asia Pacific Centre for Research**

Civil Case No. 112864

Metropolitan Trial Court Manila, Branch 2

Date Instituted: September 15, 2015

Cityland filed a complaint for collection of maney against The Asia Pacific Centre for Research for its failure to pay/reimburse Cityland for the payments the latter made for real estate taxes due on the condominium units purchased by The Asia Pacific Centre for Research, Units 424 and 425 of Pasong Tamo Tower. Trial of the case in on-going.

**9. Cityland Dev. Corp. vs. Philippine Computer Society (PCS)**

Civil Case No. 113225

Metropolitan Trial Court Manila, Branch 18

Date Instituted: October 27, 2015

Cityland filed a complaint for collection of money against Philippine Computer Society for its failure to pay/reimburse Cityland for the payments the latter made for real estate taxes due on the condominium unit purchased by PCS, Unit 263 of Cityland Dela Rosa Condominium. For serving of summons.

**10. Cityland Group of Companies vs. Ian Jasper Sazon, etal.**

Civil Case No. 141025

Regional Trial Court Makati City, Branch 138

Date Instituted: September 26, 2014

Cityland Group filed an Interpleader case to determine who among the defendants are entitled to be recognized as the successor to the rights of the deceased Ofelia Salamat as buyer of various properties purchased from Cityland Group. Trial of the case is on-going.

**B. City & Land Developers, Incorporated**

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

Civil Case No. 12-009

Paranaque Regional Trial Court – Branch 274

Date Instituted: January 16, 2012

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

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

Civil Case No. 13-0209

Paranaque Regional Trial Court – Branch 274

Date Instituted: July 16, 2013

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

• **PROPERTY**

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

The cases mentioned above involving real estate taxes on properties will not have a material impact on the Group's financial statements.

The Group does not expect that the outcome of the two material legal proceedings above 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.

#### **6. Nominees for Election as Members of the Board of Directors for the ensuing term / year:**

The following have been nominated to the Board of Directors for the ensuing term / year.

Washington SyCip (Independent Director)	Peter S. Dee (Independent Director)
Stephen C. Roxas	Sabino R. Padilla, Jr.
Andrew I. Liuson	Alice C. Gohoc
Grace C. Liuson	Helen C. Roxas
Josef C. Gohoc	

The independent directors possess all qualifications to serve as an independent director of the Company, as provided for in Section 38 of Securities Regulation Code (SRC) and its implementing rules.

The final list of nominees for independent directors as nominated by respective stockholders of Cityland Development Corporation and endorsed by Nomination Committee are the following:

<u>Independent Directors</u>	<u>Nominating Stockholders</u>
Washington SyCip	Romeo E. Ng
Peter S. Dee	Marianne M. Martin

The aforementioned nominees were nominated by the respective stockholders who are not related to said nominees.

The Nomination Committee is composed of:

Dr. Jesus U. Go (Chairman)	Dr. Washington SyCip
Mr. Stephen C. Roxas	Dr. Andrew I. Liuson

#### **7. Procedures for Nomination and Election of Independent Directors**

- a. Nomination of independent directors shall be conducted by the Nomination Committee prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.

The Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent director/s.

After the nomination, the Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, as required under Part IV (A) and (C) of "Annex C" of SRC Rule 12, which list, shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the company is required to submit to the Commission. The name of the person or group of persons who recommended the nomination of the independent directors shall be identified in such report including any relationship with the nominee.

Only nominees whose names appear on the Final List of Candidates shall be eligible for election as independent directors. No other nominations shall be entertained after the Final List of Candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting.

- b. Subject to pertinent existing laws, rule and regulations, the conduct of the election of the independent director shall be made in accordance with the standard election procedures of this By-laws.

It shall be the responsibility of the Chairman of the meeting to inform all stockholders in attendance of the mandatory requirement of electing independent directors. He shall ensure that independent directors are elected during the stockholders' meeting.

Specific slot for the independent directors shall not be filled-up by unqualified nominee.

## 8. Related Party Transactions

The Registrant and its subsidiaries, in their regular conduct of business, have entered into transactions with associates and related parties principally consisting of advances, and reimbursement of expenses. These transactions to and from related parties are made on an arm's length basis and at current market prices at the time of the transaction.

There 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 2015 and 2014 were waived by CI. There are no conditions attached to the waiver of these management fees.

The Registrant 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 25 – *Related Party Transactions* of the Notes to Consolidated Audited Annual Financial Statements for the year 2015.

## 9. Parent of the Registrant:

Cityland, Inc. owns 50.97% of the outstanding capital stock of the Registrant.

## VI. Compensation of Directors and Executive Officers

**Executive Compensation Summary Table**

<b>Name</b>	<b>Position</b>	<b>2016 (estimate)</b>
Josef C. Gohoc	Chief Executive Officer/President	x
Emma G. Jularbal	Vice President – Legal Department	x
Alvin Albert Anthony Ocampo	Assistant Manager – Legal Department	x
Ma. Veronica S. Emaguin	Senior Manager	x
Melita L. Tan	Vice President	x
Salaries		P5,487,372
Bonus		1,388,625
Others		140,400
<b>Total (Top 5)</b>		<b>P7,016,397</b>
Salaries		P18,117,957
Bonus		4,626,750
Others		752,400
<b>All officers &amp; directors as a group unnamed</b>		<b>P23,497,107</b>
<b>Grand Total</b>		<b>P30,513,504</b>

<b>Name</b>	<b>Position</b>	<b>2015 (actual)</b>
Josef C. Gohoc	President	x
Emma G. Jularbal	Vice President - Legal	x
Melita L. Tan	Vice President	x
Patrocinio M. Pablo	Assistant Vice President	x
Dorothy U. So	Assistant Vice President – Internal Audit	x
Salaries		P4,997,105
Bonus		1,304,638
Others		10,791,739
<b>Total (Top 5)</b>		<b>P17,093,482</b>
Salaries		P17,547,389
Bonus		4,448,322
Others		5,598,681
<b>All officers &amp; directors as a group unnamed</b>		<b>P27,704,392</b>
<b>Grand Total</b>		<b>P44,797,874</b>

<b>Name</b>	<b>Position</b>	<b>2014 (actual)</b>
Josef C. Gohoc	Chief Executive Officer/President	x
Rufina C. Buensuceso	Executive Vice President	x
Melita L. Tan	Vice President	x
Emma G. Jularbal	Vice President - Legal	x
Patrocinio M. Pablo	AVP – RDD	x
Salaries		P5,928,717
Bonus		1,490,853
Others		13,356,408
<b>Total (Top 5)</b>		<b>P20,775,978</b>
Salaries		P17,936,185
Bonus		4,446,106
Others		6,444,780
<b>All officers &amp; directors as a group unnamed</b>		<b>P28,827,071</b>
<b>Grand Total</b>		<b>P49,603,049</b>

The Company and its subsidiaries (the Group) has no standard arrangements with regards to the remuneration of its directors. In 2015, 2014 and 2013, the Board of Directors received a total of P16.75 million, P21.79 million and P27.75 million respectively, including a total per diem of P0.61 million per annum (aggregate of CLDI and CDC) for the board meetings attended. Moreover, the Group has no standard arrangement with regards to the remuneration of its existing officers aside from the compensation received nor any other arrangement with employment contracts, compensatory plan and stock warrants or options.

## **VII. Independent Public Accountants**

1. SyCip Gorres Velayo & Co. (SGV & Co.) is the Registrant's external auditor for the calendar year 2015. The same accounting firm is being recommended for re-election at the scheduled annual meeting.
2. Representatives of SGV & Co. are expected to be present at the annual stockholders' meeting and will respond to questions from the stockholders.
3. Pursuant to SRC Rule 68 paragraph (3)(b)(ix) (Rotation of External Auditors), Ms. Josephine H. Estomo, partner of SGV & Co., was assigned as signing partner for the Registrant's financial statements starting the calendar year 2015.

## **OTHER MATTERS**

## **VIII. Action with Respect to Reports**

The Minutes of the annual stockholders' meeting held in June 2, 2015 will be read and submitted to the stockholders for their approval. The said Minutes show that the following matters were approved by the stockholders during the 2015 stockholders' meeting:

1. Reading and approval of the minutes of the previous regular annual stockholders' meeting

2. Consideration and approval of the Annual Report and related financial statements for the year 2014
3. Election of Directors
4. Appointment of the external auditor for the calendar year 2015
5. Confirmation of all acts of the management and the Board of Directors
6. Other matters which were raised before the body

**IX. Other Proposed Actions**

1. Confirmation of all acts of the Board of Directors for the period covering January 1, 2015 through December 31, 2015 adopted in the ordinary course of business:
  - a. Approval of investments;
  - b. Treasury matters related to opening of accounts and bank transactions;
  - c. Appointment of signatories and amendments thereof; and
  - d. Annual report and related financial statements.
2. Appointment of the external auditor

**X. Voting Procedures**

1. Vote Required for Approval or Election  
 At least majority of the outstanding capital stock of the Registrant is required for the election of directors and for the approval of the following matters:
  - a. Minutes of the previous Annual Stockholders' Meeting
  - b. Appointment of external auditor
  - c. Acts of the management and of the Board of Directors relative to the Annual report and related financial statements.
2. Method by which votes will be counted: plurality of votes by ballot system or viva voce.
3. The "Ayes" and "Nayes" are requested to raise their hands during the stockholders' meeting where they are counted by the Corporate Secretary. The Company also has an independent party who will validate the votes counted by the Secretary.

**SIGNATURE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on May 03, 2016.

**CITYLAND DEVELOPMENT CORPORATION**

**JOSEF C. GOHOC**  
 President

## CITYLAND DEVELOPMENT CORPORATION THE PRESIDENT'S REPORT

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

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

### GENERAL NATURE OF BUSINESS

#### A. Background Information

##### 1. Brief Company History

Cityland Development Corporation (the Registrant, 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): a publicly-listed real estate company incorporated under the laws of the Philippines and registered with the Securities and Exchange Commission (SEC) on June 28, 1988.
- b. Cityplans, Incorporated (CPI): a pre-need company incorporated under the laws of Philippines and registered with the SEC on October 27, 1988.

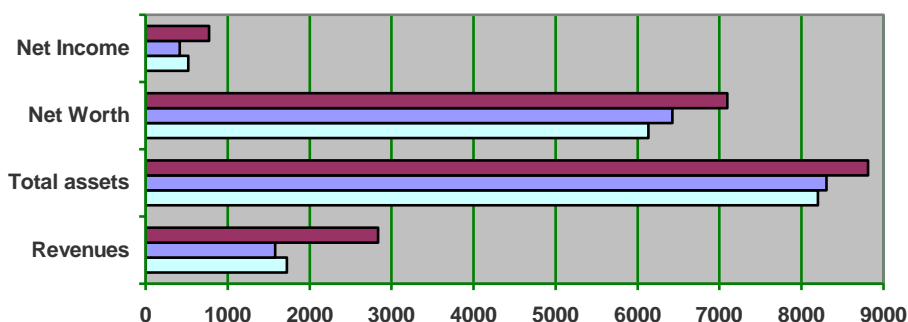
##### 4. Nature of Operations

The Groups' 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 farmlots in Bulacan and Cavite.

### FINANCIAL HIGHLIGHTS

	<u>In Millions of Pesos</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Consolidated Net Income	775.77	417.66	519.53
Consolidated Net Worth	7,092.65	6,423.87	6,132.86
Consolidated Total Assets	8,813.65	8,302.38	8,197.31
Consolidated Revenues	2,837.04	1,583.22	1,720.08



## 5. Project Description

### CDC

#### Ongoing Projects:

##### *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.

Completion Date: March 2016

##### *Citynet Central*

Citynet Central is a 22-storey commercial and business process outsourcing (BPO) office building located in Sultan Street, Brgy. Highway Hills (close to MRT Shaw), Mandaluyong City. It is in close proximity to schools, malls, and hospitals.

Estimated Date of Completion: First semester of 2017

#### Completed Projects:

##### *Citynet 1*

Citynet 1 is a 5-storey premiere business technology hub located along 183 EDSA, Brgy. Wack-Wack, Mandaluyong City. It is currently being leased out to a business process outsourcing (BPO) company.

##### *Grand Central Residences I*

Grand Central Residences I 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, hypermarkets and hospitals. Its amenities include swimming pool, gym, playground, function room, roof deck and 24-hour association security.

##### *Mandaluyong Executive Mansion III*

Mandaluyong Executive Mansion III is a 7-storey commercial and residential condominium located at G. Enriquez St., Brgy. Vergara, Mandaluyong City. It is in close proximity to schools,

malls, churches and hospitals. Its amenities include playground, swimming pool, basketball court 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.

#### *Manila Executive Regency*

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

#### *Corinthian Executive Regency*

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

#### **Future Projects:**

CDC is currently developing a new BPO building, Citynet Central, located in Sultan Street, Brgy. Highway Hills, Mandaluyong City. The Company also plans to launch Pines Peak Tower II, a 27-storey high rise building in Mandaluyong City, alongside Pines Peak Tower I.

#### **CLDI**

#### **Ongoing Project:**

##### *North Residences*

The 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 cityliving that is friendly on the budget.

Estimated Date of Completion: September 2018

#### **Completed Projects:**

##### *Manila Residences Bocobo*

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

##### *Grand Emerald Tower*

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

### *Pacific Regency*

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

### **Future Project:**

CLDI plans to launch One Taft Residences, a 40-storey residential/commercial condominium along Taft Avenue, near LRT Quirino station.

### **CPI**

### **Completed Projects:**

#### *Windsor Mansion*

Windsor Mansion is an 8-storey commercial and residential condominium located along Evangelista St., New Santolan, Pasig City. Amenities and facilities include 2 elevators, administrative office, visitor's lounge, provision for cable TV and telephone line, individual water submeter / Meralco meter and 24-hour association security. This project is also developed together with Cityland, Inc. (CI or the Ultimate Parent Company).

#### *Oxford Mansion*

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

#### *Pasig Royale Mansion*

Pasig Royale Mansion is a 8-storey mid-rise condominium located at Evangelista St., New Santolan, Pasig City. Amenities and facilities include a swimming pool, a function room, viewing area, and a visitor's lounge. This project is also developed together with CI.

## **6. Major Risks Involved in Each of the Business of the Company**

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

### **INTERNAL FACTORS**

#### ***Refinancing***

The 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 3.42:1 and 2.45:1 as of December 31, 2015 from 2.85:1 and 1.74:1 as of December 31, 2014, respectively.

***Credit Risk***

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

- a. The credit risk on the installment contracts receivables may arise from the buyers who may default on the payment of their amortizations. The Group manages this risk by dealing only with recognized, 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 on-going basis with the result that the Group's exposure to bad debts is insignificant.
- b. The credit risk on the other financial assets of the Group such as cash and cash equivalents, short-term cash investments, financial assets at fair value through profit or loss and available for sale investments may arise from default of the counterparty. The Group manages such risks by its policy to enter into transactions with a diversified creditworthy parties to mitigate any significant concentration of credit risks. As such, there are no significant concentrations of credit risks in the Group.

***Interest Rate Risk***

This is the risk arising from uncertain future interest rates.

The Group's financial assets mainly consist of installment contract receivables, cash and cash equivalents and short-term investments. Interest rates on these assets are fixed at their inception and are therefore not subject to fluctuations in interest rates.

For the financial liabilities, the Group only has short-term commercial papers (STCPs) 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 rely their value on market factors are subject to market risk.

The available-for-sale financial assets are exposed to market risk. There is a risk for a decline in the value due to changes in the market. The exposure, however, is negligible because the amount of the said investment is insignificant as compared to the financial assets of the 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 come due without incurring unacceptable losses. The Group's treasury has a well-monitored funding and settlement management plan. The following is the liquidity risk management framework 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 loans from banks and STCPs.

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.

## **GROUP'S BUSINESS AND OPERATIONS**

### ***Land Banking***

The Group's land banking consists of parcels of land for future development of its condominium projects and lot/s intended for lease. Having enough and diversified land banking is important to support the sustainability of the 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 prime lots for future development and/or investment properties which are located in the different areas of Metro Manila. The management also is in continuous study and research on the possible land acquisition which will depend on the needs of the Group and negotiations with prospective buyers. For the land value changes and decline, the Group continues to be cautious in its property buying which includes studies of appraisal and conditions of the property within the vicinity.

### ***Property development and construction***

Construction of a condominium project starts from the planning and securing of permits, to the development or construction of the project and to the delivery or turnover of the units to the buyers. The construction of a project involves an average period of three to four years to complete the building. During this period, the 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 rise in the cost of materials and labor which will impact pricing and cost;
- 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.

## **ECONOMIC FACTORS**

### ***Economic***

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

### ***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. The industry is still in the boom stage.

**Competition** The demand for housing especially in the medium-cost category has moderately stepped up. The situation has attracted both old and new players to develop projects that cater to this rising demand. As a result of the foregoing, competition in the area of medium-cost development is expected to intensify. The 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 an identified rapid increases in valuations of real property until they reach unsustainable levels and then decline. Real estate bubbles had existed in the recent past and is still widely believed to still exist in many countries such as the United States which had resulted in the recent subprime mortgage crisis.

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

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

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

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.

## 7. Management’s Discussion and Analysis or Plan of Operation

### **Financial Performance**

The Group is pre-selling its ongoing project, North Residences (a project of CLDI).

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

*Cityland Development Corporation*

- Pines Peak Tower I
- Grand Central Residences I
- Makati Executive Tower IV
- Makati Executive Tower III
- Mandaluyong Executive Mansion III
- Corinthian Emerald Regency
- Manila Executive Regency

*City & Land Developers, Incorporated*

- Manila Residences Bocobo
- Grand Emerald Tower
- The Pacific Regency

*Cityplans, Incorporated (joint project with Cityland, Inc.)*

- Oxford Mansion
- Windsor Mansion

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, collection of installment receivables, maturing short-term investments while external sources come from SEC-registered STCPs.

### **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 existing 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 STCPs. The Group plans to remain liquid in order to avail attractive investment opportunities that may arise to readily meet the demands of the present growing economy.

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

The Group's balance sheet remained solid with total assets of P8.808B as of 2015, 6.16 % higher than the previous year's level of P8.297B. Increase in assets was primarily attributed to the increase in short-term cash investments, installment contracts receivable, and investment properties. Sales of real estate and collections of installment contract receivable increased the Group's funds. The parent company also sold a raw land in 2015, which increased the Group's cash account. Other sources of funds came from issuance of STCPs with interest rates ranging from 1.06% to 1.25%. Most of the funds were utilized in financing the Group's on-going condominium projects, namely Grand Central Residences I, Pines Peak Tower I and North Residences. The healthy cash position allowed the Group to purchase of a prime lot and finance the development costs of the building for lease consequently increasing investment properties by 39.53%. Excess funds were channeled to longer period investments to increase interest earnings.

On the liabilities side, the Group partially settled its contracts payable amounting to P112.50M and notes payable of P5.006B in 2015. Contracts payable balance as of December 31, 2015 amounting to P52.75M pertains to the investment property acquired during the year and was fully settled on February 18, 2016. In addition, notes payable availed during the year amounted to P4.927B. Net effect of the aforementioned transactions, reduced the notes and contracts payable account by 10.53%.

Total equity stood at P7.093B as of December 31, 2015 from P6.424B as of December 31, 2014 due to total comprehensive income of P771.72M net of cash dividends declared and paid by the Group amounting to P106.44M.

The foregoing resulted to an enhanced liquidity position with current ratio and acid ratio recorded at 3.42:1 and 2.45:1 in 2015 as compared to 2.85:1 and 1.74:1 in 2014. Moreover, the decrease in total liabilities strengthened the Group's debt-equity ratio which improved to 0.19:1 in 2015 from 0.24:1 in 2014.

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

The Group's balance sheet remained solid with total assets of ₱8.297B in 2014, higher than the previous year's level of ₱8.197B. Increase in assets can be attributed to the increase in real estate properties for sale, real estate properties for future development and investment properties. The Group's sales and efficient collection of installment contracts receivable have resulted to a stable cash flow. Short-term cash investments were reinvested in investments with shorter maturity period and were partially channeled to fund the Group's real estate projects. Funds were primarily utilized in financing the on-going condominium projects, namely, Grand Central Residences I, Pines Peak Tower I and North Residences. The Group also partially settled its outstanding notes and contracts payable, income tax payable and other liabilities, thereby reducing total liabilities by 9.24%. The healthy cash position allowed the purchase of two prime lots and the launching of a new condominium project by CLDI.

Total equity stood at ₱6.424B as of December 31, 2014 from ₱6.133B due to total comprehensive income of ₱421.49M net of cash dividends declared and paid by the Group amounting to ₱135.66M.

As a result of the foregoing the liquidity position recovered with current ratio and acid ratio recorded at 2.85:1 and 1.74:1 in 2014 as compared to 2.48:1 and 1.68:1 in 2013, respectively. The decrease in total liabilities however strengthened the Group's debt-equity ratio improving from 0.28:1 in 2013 to 0.24:1 in 2014.

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

The Group's balance sheet remained strong as it ended the year with total assets of ₱8.197B as compared to ₱8.470B of the previous year. Sales of real estate caused the decrease in the real estate properties for sale account, while collections decreased the Group's installment contracts receivable. The Group's resources were substantially utilized for condominium development which led to the early completion of Makati Executive Tower IV and the fast completion rates of Grand Central Residences I and Pines Peak Tower I. It can be noted that all projects of CLDI were almost fully sold, which led to the decrease in its real estate properties for sale. On the liabilities side, CLDI managed its development costs prudently which resulted in the reversal of excess estimated development cost over the actual cost thereby reducing the accounts payable and accrued expenses account. The Group also partially settled its outstanding accounts payable and accrued expenses and its maturing notes and contracts payable resulting to the decrease in total liabilities of 24.04%. Remaining funds were shifted from cash and cash equivalents to short term cash investments for higher interest earnings.

Total equity stood at ₱6.133B as of December 31, 2013 as compared to ₱5.748B due to total comprehensive income of ₱519.53M less cash dividends of ₱142.37M.

The decrease in liabilities strengthened the Group's solvency position as debt equity ratio improved from 0.37:1 in 2012 to 0.28:1 in 2013. As of December 31, 2013, acid test and current ratio also improved to 1.68:1 and of 2.48:1, respectively as compared with 1.52:1 and 2.22:1 as of December 31, 2012.

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

The Group's sales of real estate properties amounted to ₱2.371B in the current year outperforming last year's figure of ₱1.152B, thus, leading to an increase of 105.76%. The significant increase in sales was due to the sale of a raw land and the continuous sales and high accomplishment rates of the Group's condominium projects. Consequently, realized gross profit increased by 116.47% from ₱438.50M in 2014 to ₱949.24M in 2015. The Parent Company's project, Grand Central Residences I, was completed in 2015, while Pines Peak Tower I was in the final stages of completion and was turned over in the first quarter of 2016. The fast construction of the two projects led to their sales contribution of 23.83% and 29.28%, respectively. Total sell-out rate as of 2015, which refers to the percentage of total units that were sold for Grand Central Residences I and Pines Peak Tower I, were at 64.30% and 60.52% as compared to 47.91% and 16.54% in 2014, respectively.

Revenue on sales of real estate properties were likewise increased by another subsidiary, CLDI. Construction accomplishment of the new project, North Residences, rose to 37.73% from the previous year's 1.01%, allowing the increase in realization of revenues in 2015. Revenues on sales are expected to increase as the construction accomplishment of North Residences advances. To increase future revenues, CLDI plans to launch a new project in Manila.

Other sources of revenues are financial income, rent income and other income. Financial income, which is substantially composed of interest income from sales of real estate properties, increased by 2.36% and contributed 10.03% to total revenues. As for leasing operations, rent income from the BPO building, Citynet1, continued to generate steady rental income. This is further augmented by rentals of condominium and other investment properties resulting to a total rent income of ₱83.26M. Another source of revenues is the other income which is substantially earned from penalties charged to clients, and other miscellaneous income. Revenue contribution of other income accounted for 3.45% and 4.15% of total revenues in 2015 and 2014, respectively.

On the cost side, cost of real estate sales, operating expenses and provision for income tax increased as these move in tandem with sales. The Group was successful in managing its disbursements as cost of sales percentage to sales was maintained at 59.97% and 61.95% in 2015 and 2014, respectively. Maintaining its conservative view on borrowings, the Group's interest-bearing expense from STCPs remained manageable at ₱13.32M as compared to the prior year's ₱13.12M.

The Group ended in 2015 with a net income of ₱775.77M outperforming last year's figure of ₱417.66M, thus, leading to an increase of 85.74%. This translated to an earnings per share and return on equity of ₱0.21 and 12.55% for 2015 as compared to ₱0.10 and 6.69% of the same period last year.

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

The Group's sales of real estate properties reached ₱1.152B in 2014 from the previous year of ₱1.169B. Revenue on sales almost reached the same level of the previous year due to sales and construction accomplishment of the parent Company's projects, Grand Central Residences I and Pines Peak Tower I. These two condominium projects were in full blast construction reaching 83.74% and 66.18% in 2014, from last year's 60.11% and 24.88%, respectively. Sales of Grand Central Residences I and Pines Peak Tower I continued to contribute a significant 40.20% and 12.76% to annual sales of real estate respectively, while the other completed project, Makati Executive Tower IV was simultaneously sold reaching a sell-out rate of 87.50% at year-end and contributed 12.41% to total sales.

On the other hand, sales of real estate properties of CLDI contributed a modest 20.08% of total sales. The subsidiary sold a prime lot and the remaining condominium units of Grand Emerald Tower and Manila Residences. To increase future sales, CLDI launched a new condominium project, North Residences on the fourth quarter of the year 2014.

Other sources of revenues are financial income and rent income. Financial income which is primarily composed of interest income from real estate properties accounted for 17.56% of total revenues. Financial income fell due to lower interest rates and lower level of receivables and cash investments.

As for leasing operations, construction of new BPO building, Citynet 1 was completed in 2014 resulting to the increase in rental income by 168.40%.

On the cost side, cost of real estate sales increased due to the sale of a prime lot, while operating expenses decreased due to lower personnel expenses, professional fees, insurance expense and membership dues. Moreover, partial settlement of notes and contracts payable and lower interest rates eased interest payments thereby reducing financial expenses by 73.67%.

As a result of the foregoing, financial performance for the year resulted to a net income of ₱417.66M from the previous year's ₱519.53M. This translated to an earnings per share and return on equity of ₱0.10 and 6.69% in 2014 as compared with ₱0.12 and 8.05% in 2013.

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

Revenue from sales reached ₱1.169B as compared to the previous year of ₱1.421B. Although sales of the subsidiary, CLDI decreased due to low inventory, sales and fast completion of the projects of the parent company, CDC, contributed significantly to total revenues. The projects of CDC, namely, Makati Executive Tower IV and Grand Central Residences I were in full blast construction which led to their 100.00% and 60.11% completion, and contributed substantially to total revenues. On the other hand, Pines Peak Tower I, the newest project of CDC, contributed modestly to total sales, as it reached 24.88% completion in 2013. Meantime, the Company's other completed projects, Makati Executive Tower III, Mandaluyong Executive Mansion III steadily contributed to total revenues and provided stable cash flows as they reached a sell-out rate of 94.59% and 99.00%, respectively at the end of the year. CLDI is selling the remaining units of Manila Residences Bocobo and Grand Emerald Tower. The Company projects that sales will further improve when CLDI opens a new project next year.

Other sources of revenues are financial income and rent income. Financial income is primarily composed of interest income from sale of real estate properties accounting for 21.46% of total revenues. With respect to lease operations, rent income for the year increased by 13.99% due to increase in units available for lease. Income from lease operations is expected to increase next year due to the launching of the new BPO hub in the fourth quarter of the year. For other revenues account, the increase was due to adjustment of the excess of estimated development cost over the actual cost of a completed project of CLDI.

On the cost side, lower revenues decreased cost of sales and provision for income tax. Although revenues decreased, operating expenses increased due to adjustments in staff benefits and professional fees. Increase in other expenses was due to reversal of gross profit recognized in prior years due to forfeiture/cancellation of sales. On the other hand, financial expenses dropped to ₱26.08M from ₱47.64M, due to payment of notes and contracts payable and lower interest rates. Altogether, the Company earned a consolidated net income of ₱519.53M slightly lower from ₱530.16M of the previous year which translated to earnings per share and return on equity of ₱0.12 and 8.05% as compared with last year's ₱0.11 and 8.14%.

### **Key Performance Indicators (2015 vs 2014 vs 2013)**

<b>Cityland Development Corporation</b>			
<b>(Consolidated)</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Earnings per share	₱0.21	₱0.10	₱0.12
Return on equity	12.55%	6.69%	8.05%
Solvency ratio	0.47	0.24	0.26
Interest rate coverage ratio	154.37	96.09	27.73
Asset to liability ratio	5.12	4.43	3.97
Asset to equity ratio	1.42	1.50	1.56
Debt – equity ratio	0.19	0.24	0.28
Current ratio	3.42	2.85	2.48
Acid – test ratio	2.45	1.74	1.68
<b>City &amp; Land Developers, Incorporated</b>			
<b>(Subsidiary)</b>			
Earnings per share	₱0.06	₱0.08	₱0.16
Return on equity	4.00%	5.44%	11.26%
Solvency ratio	0.49	0.33	0.51
Interest rate coverage ratio	74.45	133.57	51.39
Asset to liability ratio	13.16	7.12	5.54
Asset to equity ratio	1.08	1.16	1.22
Debt – equity ratio	0.05	0.09	0.12
Current ratio	9.20	4.80	3.34
Acid – test ratio	7.14	3.64	3.07
<b>Cityplans, Incorporated</b>			
<b>(Subsidiary)</b>			
Earnings per share	₱0.02	₱0.01	₱0.02
Return on equity	0.95%	0.60%	0.81%
Solvency ratio	0.11	0.04	0.05
Asset to liability ratio	5.32	4.94	5.16
Asset to equity ratio	1.27	1.31	1.31
Current ratio	9.61	8.31	12.73
Acid – test ratio	10.05	7.24	11.46

**Manner of Calculations:**

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	=	$\text{Total assets} / \text{Total liabilities}$
Asset-to-equity ratio	=	$\frac{\text{Total assets}}{\text{Total equity (net of net changes in fair value of available-for-sale financial assets and accumulated re-measurement on defined benefit plan)}}$
Debt-to-equity ratio	=	$\frac{\text{Notes and contracts payable}}{\text{Total equity (net of net changes in fair value of available-for-sale financial assets and accumulated re-measurement on defined benefit plan)}}$
Current ratio	=	$\text{Total current assets} / \text{Total current liabilities}$
Acid-test ratio	=	$\frac{\text{Cash and cash equivalents} + \text{Short-term cash investments} + \text{Current portion of installment contracts receivable} + \text{Current portion of other receivables}}{\text{Total current liabilities}}$

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

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

**2. Internal and External Sources of Liquidity**

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

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

The estimated development cost of ₱82.31 million as of December 31, 2015 representing the cost to complete the development of real estate projects sold will be sourced through:

- Sales of condominium and real estate projects
- Collection of installment contracts receivable
- Maturing short-term investments
- Issuance of STCPs

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

There is no known trend, event, or uncertainties that have a material effect on the net sales or revenues or income.

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

There were no significant element of income or loss that did not arise from registrants continuing operations.

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

There are no events nor any default or acceleration of an obligation that will trigger direct or contingent financial obligation that is material to the Group.

**7. Any Known Trends or Events or Uncertainties (Material off-balance sheet transactions, arrangements, obligations and other relationships)**

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

**8. Any Seasonal Aspects that had Material Effect on the Financial Condition or Results of Operations**

There are no seasonal aspects that had material effect on the financial condition or results of operations.

**9. Causes for any Material Changes from Period to Period in One or More Line of the Registrant's Financial Statements****Financial Condition (2015 vs. 2014)**

- a. Decrease in Cash and Cash Equivalents was primarily due to shift of placements to longer period investments and payment of contracts payable and construction costs.
- b. Increase in Short-term Cash Investments was due to sales and collection of receivables and shift to longer period investments.
- c. Increase in Installment Contracts Receivable was due to sales of real estate properties.
- d. Net increase in Other Receivables was due to collection of advances paid for registration of titles and other expenses to customers.
- e. Decrease in Real Estate Properties for Sale was due to sales of real estate properties.
- f. Decrease in Investment in Trust Funds was due to maturity of plans.
- g. Decrease in Other Current Assets was due to release of escrow deposit, while increase in Other Non-Current Assets was due to increase in unused input value-added tax (VAT) from purchase of a parcel of land and higher Meralco electric meter deposits.
- h. Decrease in Real Estate Properties for Future Development was due to transfer of lot to investment properties and real estate properties for sale.
- i. Increase in Investment Properties was due to purchase of a prime lot and additional development costs incurred for the construction of the building for lease.
- j. Decrease in Property and Equipment was due to depreciation.
- k. Net decrease in Accounts Payable and Accrued Expenses was substantially due to the release of customer's deposits from the 2014 sales of North Residences condominium units.
- l. Decrease in Notes and Contracts Payable was due to partial settlement of contracts and notes payable.
- m. Decrease in Income Tax Payable was due to higher prepaid taxes.
- n. Net decrease in Pre-need and Other Reserves was due to higher rate of return on investment of trust fund.
- o. Decrease in Deferred Tax Liabilities was due to realization of deemed cost adjustment.
- p. Increase in Retained Earnings was primarily due to net income.
- q. Decrease in Net Changes in Fair Value of Available-for-sale Financial Assets was due to decrease in market value per share.
- r. Decrease in Accumulated Re-measurement on Defined Benefit Plan was due to re-measurement loss recognized on defined benefit obligation.
- s. Increase in Treasury stock was due to increase in market value of investments of CPI to CDC.
- t. Increase in Non-Controlling Interests was due to net income of subsidiary.

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

- a. Increase in Cash and Cash Equivalents was due to collection and shift of funds to shorter-term investments.

- b. Decrease in Short- Term Cash Investments was due to transfer of placements to shorter term investments and cash usage to fund real estate projects.
- c. Decrease in Installment Contracts Receivable was due to collections.
- d. Increase in Other Receivables was due to rent receivable arising from leases.
- e. Increase in Real Estate Properties for Sale was due to cost of land and the launching of a new condominium project of the subsidiary, CLDI.
- f. Decrease in Investment in Trust Funds was due to maturity of plans.
- g. Increase in Other Assets was due to collections on the sale of North Residences deposited in escrow account and input VAT which arose from purchase of ot.
- h. Increase in Real Estate Properties for Future Development was due to purchase of two prime lots by CDC and CLDI.
- i. Increase in Investment Properties was due to additional development costs.
- j. Decrease in Property and Equipment was due to depreciation and asset disposal.
- k. Increase in Accounts Payable and Accrued Expenses was due to deposit in escrow account from sale of North Residences and collections of refundable electric meter deposits.
- l. Decrease in Notes and Contracts Payable was due to partial payment of notes payable.
- m. Decrease in Income Tax Payable was due to lower taxable income.
- n. Increase in Pre-need and Other Reserves was due to decrease of return on investment of trust fund.
- o. Decrease in Deferred Tax Liabilities was due to lower accounting income as compared to taxable income.
- p. Increase in Capital Stock was due to declaration and issuance of 5% stock dividends.
- q. Increase in Retained Earnings was due to net income.
- r. Increase in Net Changes in fair value of AFS Investment was due to increase in value of available for sale financial assets.
- s. Increase in Accumulated re-measurement on defined benefit plan was due to increase in value of retirement plan.
- t. Decrease in Treasury stock was due to decrease in market value of investments of CPI to CDC.
- u. Increase in Non-Controlling Interests was due to net income of subsidiary.

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

- a. Decrease in Cash and Cash Equivalents was substantially due to shift of placements to Short-term Cash Investments.
- b. Increase in Short-term Cash Investments was due to additional placements.
- c. Decrease in Investment in Trust Funds was due to maturity of plans.
- d. Decrease in Installment Contracts Receivable was due to collections.
- e. Increase in Other Receivables was due to increase in advances from affiliates
- f. Decrease in Real Estate Properties for Sale was due to sales.
- g. Decrease in Real Estate Properties Held for Future Development was due to reclass of lot cost of the newly launched BPO (business process outsourcing office) to Investment Properties-net.
- h. Increase in Investment Properties was due to set up of the new BPO office and reclassification of lot cost to investment property.
- i. Decrease in Property and Equipment was due to sale of transportation equipment and depreciation.
- j. Increase in Other Assets was due to increase in retirement plan assets.
- k. Decrease in Accounts Payable and Accrued Expenses was due to payment.
- l. Decrease in Notes and Contracts Payable was due to payment.
- m. Increase in Income Tax Payable was due to higher taxable income.
- n. Increase in Pre-need and Other reserves was due to decrease in earnings of trust fund.
- o. Decrease in Deferred Tax Liabilities was due to lower financial income as compared to taxable income.
- p. Increase in Capital Stock was due to stock dividends.
- q. Decrease in Net Changes in Fair Value of Available-for-sale Investment was due to decrease in market value of AFS.
- r. Increase in Retained Earnings was due to net income less dividends and other adjustments.
- s. Increase in Accumulated Re-measurement on Defined Benefit Plan Reserve was due to increase in value of retirement asset.
- t. Increase in Treasury Stock was due to increase in market value of investments of CPI to CDC.

- u. Increase in Non-controlling Interest was due to net income of subsidiary.

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

- a. Increase in Sales of Real Estate Properties was substantially due to sale of a lot by CDC.
- b. Increase in Financial Income was due primarily due to higher interest earnings from short-term cash investments resulting in higher level of placements.
- c. Decrease in Rent Income was due to termination of lease contracts resulting from sale of condominium units.
- d. Increase in Other Income was primarily due to adjustment of fair market value of repossessed real estate properties.
- e. Increase in Cost of Real Estate Sales was due to cost of land sold by CDC.
- f. Increase in Operating Expenses was primarily due to higher personnel expenses, professional fees and light, power and water.
- g. Increase in Financial expenses was due to higher finance charge and interest on notes payable and other charges.
- h. Decrease in Other Expenses was due to loss from forfeiture.
- i. Increase in Provision for Income Tax was due to higher taxable income.
- j. Increase in Net Income was due to higher revenues.

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

- a. Decrease in Sales of Real Estate was due to low inventory of the subsidiary, CLDI and CDC.
- b. Decrease in Financial Income was due to decrease in interest income from real estate properties and money market placements.
- c. Increase in Rent Income was due to rentals of the new BPO building.
- d. Decrease in Other Income was due to low income on penalty charges.
- e. Increase in Cost of Real Estate Sales was due to sale of lot of CLDI.
- f. Decrease in Operating Expenses was primarily due to lower personnel expenses, professional fees, insurance expense, and membership dues.
- g. Decrease in Financial expenses was due to the decrease in notes payable and lower interest rates.
- h. Increase in other expenses was due to cancellation of sales recorded during the prior years.
- i. Decrease in Provision for Income Tax was due to lower final tax on interest income.
- j. Decrease in Net Income was due to lower revenues.

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

- a. Decrease in Sales of Real Estate was due to low inventory of the subsidiary company.
- b. Decrease in Financial Income was due to decrease in interest income from real estate properties as a result of lower level of receivable.
- c. Increase in Rent Income was due to increase in units available for lease.
- d. Increase in Other Revenues was due to the reversal of estimated development cost over the actual cost of a completed project.
- e. Decrease in Cost of Sales was due to lower sales.
- f. Increase in Operating Expenses was due to adjustment in staff benefits, professional fee and miscellaneous income.
- g. Decrease in Financial Expenses was due to lower interest rates and partial settlement of notes and contracts payable.
- h. Increase in Provision for Income Tax was due to higher taxable income.
- i. Decrease in Net Income was due to lower revenues and higher provision for income tax.

#### **Information On Independent Accountant**

	<b>External Audit Fees</b>	
	<b>2015</b>	<b>2014</b>
Audit and Audit-Related Fees	<b>P910,000</b>	<b>P775,000</b>
Tax Fees	--	--
All Other Fees	--	--
<b>Total</b>	<b>P910,000</b>	<b>P775,000</b>

The Audit Committee is composed of:

Mr. Peter S. Dee (Chairman)                      Mrs. Grace C. Liuson  
Mrs. Alice C. Gohoc

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

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

## **DIVIDENDS AND MARKET PRICE OF SHARES OF STOCK**

### **1. Dividends Policy**

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

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

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

### **2. Dividends**

	<b>2015</b>	<b>2014</b>
Cash	0.027	0.03
Stock	-	5%

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

The Parent Company did not declare stock dividends in 2015. Stock dividends on common shares are measured based on the total par value of declared stock dividend. Stock dividends are deducted from retained earnings when the BOD's declaration is ratified by the stockholders of the Parent Company. Unissued stock dividend are recorded as stock dividends distributable and credited to capital stock upon issuance. Dividends for the year that are declared after the end of the reporting period but before the approval for issuance of financial statements are dealt with as an event after the reporting period.

### **3. Stock Prices**

		<b>Unclassified Common Shares</b>	
		<b>High</b>	<b>Low</b>
2016	First Quarter	1.19	0.90
2015	First Quarter	1.02	0.97
	Second Quarter	1.20	0.97
	Third Quarter	1.08	0.95
	Fourth Quarter	1.15	0.95
2014	First Quarter	1.06	0.95
	Second Quarter	1.43	0.96
	Third Quarter	1.25	1.00
	Fourth Quarter	1.48	0.97

Note: Prices in 2014 took into account the 5% stock dividends declared to the stockholders of record as of July 3, 2014.

#### 4. Trading Market

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

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

#### 5. Price Information on the Latest Practicable Date

The Registrant's shares were last traded on April 12, 2016 at ₱1.04 per share.

#### 6. Public Ownership

Total number of shares owned by the public is 893,660,613 shares which represent 25.02% of the total 3,573,878,400 number of listed common shares.

#### 7. Holders

a. The number of shareholders of record as of April 15, 2016 was 686.

b. Top 20 Stockholders of record as of April 15, 2016:

	<u>Name</u>	<u>No. of Shares Held</u>	<u>Percentage</u>
1.	Cityland, Inc.	1,820,826,325	50.97%
2.	PCD Nominee Corporation - Filipino	429,568,095	12.03
3.	Roxas, Stephen C.	179,132,018	5.02
4.	Liuson, Grace C.	190,582,667	5.34
5.	Gohoc, Alice C.	123,649,781	3.46
6.	Liuson, Andrew I.	109,328,504	3.06
7.	Gohoc, Josef C.	70,631,381	1.98
8.	Roxas, Helen C.	54,295,987	1.52
9.	Roxas, Lincoln C.	48,634,195	1.36
10.	Recto, Ester	27,893,395	0.78
11.	Gohoc, Josua	26,743,913	0.75
12.	Gohoc, Joel	26,625,571	0.75
13.	Gohoc, Joanna	26,527,181	0.74
14.	Gohoc, Johann C.	26,374,244	0.74
15.	PCD Nominee Corporation - Others	19,360,596	0.54
16.	Jefcon, Inc.	16,565,369	0.46
17.	Tan, Joyce Liuson or Tan, Philip Sim	15,955,942	0.45
18.	Chang, Rita D.	15,450,650	0.43
19.	Obadiah, Inc.	15,256,589	0.43
20.	Shao Chien Yin &/OR Christine L. Shao	13,049,538	0.37

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

a. There was no sale of unregistered securities.

b. The total number of shares issued and outstanding of the Company is 3,571,940,453 for the years 2015 and 2014 excluding 1,937,947 treasury common shares.

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

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

## **COMPLIANCE WITH LEADING PRACTICES ON CORPORATE GOVERNANCE**

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

1. Measures being undertaken by the Registrant to fully comply with the adopted leading practices on good corporate governance

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

2. Any Deviation from the Registrant'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 Registrant.

The Company's Annual Corporate Governance Report was submitted to Securities and Exchange Commission last April 14, 2016 as an attachment to Annual Report.

## **CONSULTANT**

### **GEORGE SYCIP**

President, Halanna Management Corporation  
 Director and Principal, Galaxaco China Group LLC  
 Board Member, PNB-Beneficial Life Insurance Co.  
 Board Member, Medtecs Corporation  
 Board Member, Bank of the Orient  
 Board Member, Arasor International  
 Board Member, California Asia Business Council  
 Board Member, Stanford University Institute of International Studies  
 Board Member, International Institute for Rural Reconstruction  
 Board Member, Give2Asia  
 Member, Philippine Advisory Council, Grameen Foundation USA

**ACKNOWLEDGEMENT**

In behalf of the Board of Directors, Consultants and Management of Cityland Development Corporation, I would like to express our appreciation to all our stockholders for your trust and confidence.

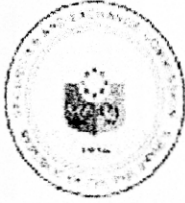
I also acknowledge the time and expertise shared to us by our consultants and directors and the commitment and hard work of our managers and staff in the attainment of our corporate goals.

With God's grace, we look forward to a better year in 2016 for Cityland and the real estate industry.

**Upon written request, the Company undertakes to provide without charge a copy of the Annual Report on SEC Form 17-A. Copies can be picked up from Ms. Michelle Marcelino, 2<sup>nd</sup> Floor, Cityland Condominium 10 Tower 1, 156 H.V. Dela Costa Street, Makati City, Tel. 893-6060 local 152.**



106242015001397

**SECURITIES AND EXCHANGE COMMISSION**

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines  
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

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**Company Information**

SEC Registration No. 0000077823  
Company Name CITYLAND DEV. CORP.  
Industry Classification  
Company Type Stock Corporation

**Document Information**

Document ID 106242015001397  
Document Type LETTER/MISC  
Document Code LTR  
Period Covered June 18, 2015  
No. of Days Late 0  
Department CED/CFD/CRMD/MRD/NTD  
Remarks CERTIFICATION OF INDEPENDENT DIRECTORS

7	7	8	2	3					
SEC Registration Number									

C	I	T	Y	L	A	N	D	D	E	V	E	L	O	P	M	E	N	T	C	O	R	P	O	R	A	T	I	O	N

(Company's Full Name)

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(Business Address: No. Street City/Town/Province)

<b>RUDY GO</b>										<b>893-6060</b>									
(Contact Person)										(Company Telephone Number)									

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(Calendar Year)																		(Annual Meeting)																		

(Secondary License Type, If Applicable)																													
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															Total Amount of Borrowings																								
Total No. of Stockholders															Domestic															Foreign									

To be accomplished by SEC Personnel concerned

File Number										LCU									
Document ID										Cashier									

STAMPS																													
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Remarks: Please use BLACK ink for scanning purposes

### **CERTIFICATION OF INDEPENDENT DIRECTORS**

I, Peter Dee, Filipino, of legal age and resident of 7 Banaba Circle, South Forbes Park, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an Independent Director of Cityland Development Corporation;

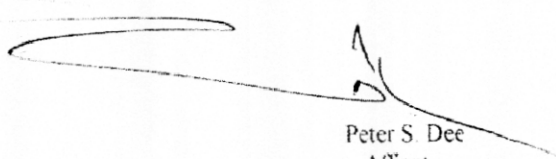
2. I am affiliated with the following companies/organizations:

Company	Position	Date Assumed
Alpolac, Inc.	Director	1994 to present
Asean Finance Corporation Ltd	Director	1991 to present
China Banking Corporation	Director	1977 to present
CBC Forex Corporation (awaiting for dissolution)	Director / Chairman of the Board	1997 to present
CBC Insurance Brokers, Inc.	Chairman of the Board	1998 to present
CBC Properties & Computer Center, Inc.	Director / President	1984 to present
Cityland, Inc.	Independent Director Chairman - Compensation & Remuneration Committee Chairman - Audit Committee Member - Nomination Committee	2006 to present
Cityplans, Incorporated	Independent Director Chairman - Compensation & Remuneration Committee Chairman - Audit Committee Member - Nomination Committee	1991 to present 2002 to present
City & Land Developers, Inc.	Independent Director Chairman - Compensation & Remuneration Committee Chairman - Audit Committee Member - Nomination Committee	2004 to present
GDSK Development Corporation	Director	1990 to present
Hydee Management & Resources Corp.	Director	1991 to present
Kemwerke, Inc.	Director	1994 to present
Makati Curbs Holdings Corporation	Director	2012 to present
Great Expectation Holdings, Inc.	Director / Chairman, President	October 2012 to present
Commonwealth Foods, Inc.	Director	May 2013 to present
The Big D Holdings Corporation	Director / Chairman, President	April 2013 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Cityland Development Corporation as provided for in Section 38 of the Securities Regulation Code and as Implementing Rules and Regulations.

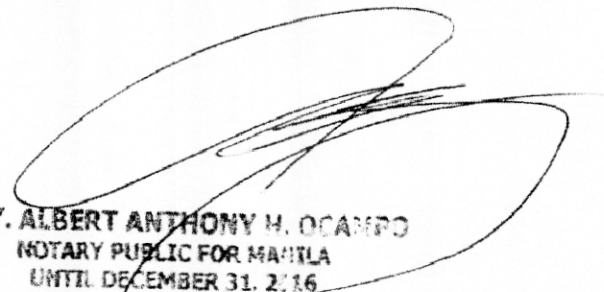
4. I shall faithfully and diligently comply with my duties and responsibility as Independent Director under the Securities Regulation Code.
5. I shall inform the Corporate Secretary of Cityland Development Corporation of any changes in the abovementioned information within five days from its occurrence.

Done this day of JUN 18 2015 at Makati City  
MANILA

  
Peter S. Dee  
Affiant

JUN 18 2015 MANILA  
SUBSCRIBED AND SWORN to before me this at Makati City, affiant personally appeared before me and exhibited to me his SSS ID with no. 03-1183011-8 and other competent evidence of identification.

Doc no. 62;  
Page no. 14;  
Book no. I;  
Series of 2015.

  
**ATTY. ALBERT ANTHONY H. OCAMPO**  
NOTARY PUBLIC FOR MANILA  
UNTIL DECEMBER 31, 2016  
APPOINTMENT NO.: 57  
IBP ROLL NO.: 44239  
PTR No.: 3818595/1-12-2015/Manila  
IBP No.: 07084/Luzerne/Laguna  
5.7-519 Quirun Paredes St., Alondo Manila

CDC  
Washington Group



106242015001394



## SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA Greenhills, Mandaluyong City, Metro Manila, Philippines  
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

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Remarks CERTIFICATION OF INDEPENDENT DIRECTORS

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SEC Registration Number									

C	I	T	Y	L	A	N	D	D	E	V	E	L	O	P	M	E	N	T	C	O	R	P	O	R	A	T	I	O	N
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(Business Address: No. Street City/Town/Province)																													

<b>RUDY GO</b>														<b>893-6060</b>													
(Contact Person)														(Company Telephone Number)													

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Month		Day				(Form Type)																		Month		Day					
(Calendar Year)																								(Annual Meeting)							

(Secondary License Type, If Applicable)																											
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Total No. of Stockholders														Domestic							Foreign						

To be accomplished by SEC Personnel concerned																											
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STAMPS																											
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### **CERTIFICATION OF INDEPENDENT DIRECTORS**

I, Washington SyCip, American, of legal age and resident of 60 Cambridge Circle, North Forbes Park, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an Independent Director of Cityland Development Corporation;

2. I am affiliated with the following companies/organizations:

Company	Position	From	To
Asian Eye Institute	Independent Director	09/22/00	Present
Asian Institute of Management	Chairman Emeritus		
Asian Terminals Inc.	Adviser to the Board	Oct. 2010	Present
Banco de Oro	Adviser to the Board	Oct. 2009	Present
Belle Corp.	Independent Director	07/01/96	Present
Commonwealth Foods, Inc.	Independent Director	06/23/00	Present
Eton Properties	Director	06/2013	Present
First Philippine Holdings Corp.	Independent Director	11/10/97	Present
Gokongwei Brothers Foundation	Trustees		Present
Highlands Prime, Inc.	Independent Director	01/04/02	Present
I-Academy	Board of Governors	01/2002	Present
Investment and Capital Corp. of the Phils.	Senior Adviser to the Board	07/27/87	Present
JG Summit Holdings	Adviser to the Board	08/10/01	Present
Jollibee Food Corporation	Adviser to the Board	07/2011	Present
Lopez Holdings Corp.	Independent Director	04/30/97	Present
Lucio Tan Group	Director	07/2013	Present
Lufthansa Technik Philippines, Inc.	Chairman	07/12/00	Present
MacroAsia Corp.	Chairman	11/05/96	Present
Metropolitan Bank & Trust Co.	Adviser to the Board	04/24/96	Present
Metrobank Foundation, Inc.	Board of Trustees		Present
Metrobank Pacific Investment Corp.	Independent Director	05/25/12	Present
Phil. Equity Management, Inc.	Independent Director	10/26/98	Present
Philippine Airlines, Inc.	Director	02/11/97	Present
Philippine Business for Education	Trustees		Present
Philippine Chamber of Commerce and Industry	Senior Adviser		
Philippine Hotelier, Inc.	Independent Director	09/03/97	Present

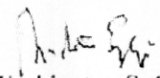
Company	Position	From	To
Philippine Long Distance Telephone Co.	Adviser to the Board	Jan. 2011	Present
Philippine National Bank	Director	12/08/99	Present
Philippine Rural Reconstruction Movement	Member – Council of Adviser	03/03/08	
The PHINMA Group	Independent Director	09/12/96	Present
PinoyMe Foundation	Trustees		Present
Realty Investment, Inc.	Independent Director	04/28/50	Present
Stateland, Inc.	Independent Director	07/01/96	Present
State Properties Corporation	Chairman	04/19/99	Present
Steag State Power, Inc.	Chairman	03/26/04	Present
Synergeia Foundation, Inc.	Board of Trustees		Present
Tan Yan Kee Foundation	Trustees		Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Cityland Development Corporation, as provided for in Section 38 of the Securities Regulation Code and as Implementing Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibility as Independent Director under the Securities Regulation Code.


5. I shall inform the Corporate Secretary of Cityland Development Corporation of any changes in the abovementioned information within five days from its occurrence.

Done this JUN 22 2015 at Makati City.

  
Washington SyCip  
Affiant

SUBSCRIBED AND SWORN to before me this JUN 22 2015 at Makati City, affiant personally appeared before me and exhibited to me his SSS with ID no. 03-2617142-2 and other competent evidence of identification.

Doc no. 478 ;  
Page no. 47 ;  
Book no. XL ;  
Series of 2015.

  
**ATTY. EMMA G. JULARBAL**  
**NOTARY PUBLIC FOR MAKATI CITY**  
**UNTIL DECEMBER 31, 2016**  
**APPOINTMENT NO.: M-264**  
**IBP ROLL NO.: 33152**  
**PTR No.: 480121B/2-10-2015/MAKATI**  
**IBP No.: 06547/Lifetime/2015**  
**156 H.V. DELA COSTA ST., MAKATI CITY**




# CITYLAND DEVELOPMENT CORPORATION

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

  
**DR. WASHINGTON SYCIP**  
Chairman of the Board

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

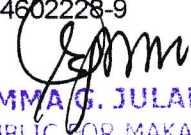
  
**RUDY GO**  
Senior Vice President / Chief Finance Officer

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

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

Name	Type of Identification	Number
Dr. Washington SyCip	TIN	106-215-942
Josef C. Gohoc	SSS	33-0942784-4
Rudy Go	SSS	03-4602228-9

Doc No. 129  
Page No. 27  
Book No. IV  
Series of 2016

  
**ATTY. EMMA G. JULARBAL**  
NOTARY PUBLIC FOR MAKATI CITY  
UNTIL DECEMBER 31, 2016  
APPOINTMENT NO.: M-264  
IBP ROLL NO.: 33152  
IBP NO.: 06547/Lifetime/PPLM  
PTR No.: 5336156/1-21-2016/Makati  
156 H.V. Dela Costa St., Makati City

# **Cityland Development Corporation and Subsidiaries**

Consolidated Financial Statements  
December 31, 2015 and 2014  
and Years Ended December 31, 2015, 2014  
and 2013

and

Independent Auditors' Report



## **INDEPENDENT AUDITORS' REPORT**

The Stockholders and the Board of Directors  
Cityland Development Corporation

We have audited the accompanying consolidated financial statements of Cityland Development Corporation and its subsidiaries, which comprise the consolidated balance sheets as at December 31, 2015 and 2014, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2015, and a summary of significant accounting policies and other explanatory information.

### ***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.


We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



***Opinion***

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Cityland Development Corporation and its subsidiaries as at December 31, 2015 and 2014, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2014 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.



Josephine H. Estomo  
Partner

CPA Certificate No. 46349

SEC Accreditation No. 0078-AR-3 (Group A),  
February 14, 2013, valid until April 30, 2016

Tax Identification No. 102-086-208

BIR Accreditation No. 08-001998-18-2015,  
February 27, 2015, valid until February 26, 2018

PTR No. 5321634, January 4, 2016, Makati City

March 16, 2016



**CITYLAND DEVELOPMENT CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

	<b>December 31</b>	
	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 4)	P557,365,187	P1,180,267,398
Short-term cash investments (Note 4)	2,189,900,000	1,184,120,555
Current portion of installment contracts receivable (Note 6)	717,947,296	344,192,414
Current portion of other receivables (Note 7)	52,785,215	53,112,330
Real estate properties for sale (Note 8)	1,378,393,226	1,723,182,182
Current portion of investments in trust funds (Note 5)	7,243,132	5,094,513
Other current assets (Note 12)	22,204,789	45,693,991
<b>Total Current Assets</b>	<b>4,925,838,845</b>	<b>4,535,663,383</b>
<b>Noncurrent Assets</b>		
Installment contracts receivable - net of current portion (Note 6)	1,029,612,014	1,032,056,058
Other receivables - net of current portion (Note 7)	7,188,365	4,633,133
Investments in trust funds - net of current portion (Note 5)	30,087,353	32,660,837
Real estate properties held for future development (Note 9)	822,007,622	1,247,443,845
Investment properties (Note 10)	1,862,677,817	1,334,939,913
Property and equipment (Note 11)	14,044,080	18,335,625
Retirement plan assets (Note 23)	17,248,330	19,338,979
Other noncurrent assets (Note 12)	104,941,025	77,307,101
<b>Total Noncurrent Assets</b>	<b>3,887,806,606</b>	<b>3,766,715,491</b>
<b>TOTAL ASSETS</b>	<b>P8,813,645,451</b>	<b>P8,302,378,874</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Current portion of accounts payable and accrued expenses (Note 13)	P211,852,354	P222,721,353
Notes and contracts payable (Note 14)	1,187,950,000	1,327,800,000
Income tax payable	34,680,456	38,933,721
Current portion of pre-need and other reserves (Note 5)	2,733,761	1,686,723
<b>Total Current Liabilities</b>	<b>1,437,216,571</b>	<b>1,591,141,797</b>
<b>Noncurrent Liabilities</b>		
Accounts payable and accrued expenses - net of current portion (Note 13)	68,500,778	59,570,075
Pre-need and other reserves - net of current portion (Note 5)	47,845,484	53,318,856
Retirement benefits liability (Note 23)	5,292,891	4,890,875
Deferred income tax liabilities - net (Note 24)	162,138,715	169,586,821
<b>Total Noncurrent Liabilities</b>	<b>283,777,868</b>	<b>287,366,627</b>
<b>TOTAL LIABILITIES</b>	<b>1,720,994,439</b>	<b>1,878,508,424</b>

(Forward)



	December 31	
	2015	2014
<b>Equity</b>		
Attributable to Equity Holders of the Parent Company		
Capital stock - ₱1 par value (Note 15)		
Authorized - 4,000,000,000 shares		
Issued - 3,573,878,400 shares held by 686 equity holders in 2015 and 691 equity holders in 2014	<b>₱3,573,878,400</b>	3,573,878,400
Additional paid-in capital	<b>7,277,651</b>	7,277,651
Net changes in fair values of available-for-sale financial assets (Note 12)	<b>1,102,540</b>	1,768,846
Accumulated re-measurement on defined benefit plans - net of deferred income tax effect (Note 23)	<b>(16,911,507)</b>	(14,011,632)
Retained earnings (Note 15)	<b>2,644,809,719</b>	1,997,774,818
Treasury stock - 4,021,067, at cost (Note 15)	<b>(31,157,595)</b>	(31,150,762)
	<b>6,178,999,208</b>	5,535,537,321
Non-controlling interests (Note 16)	<b>913,651,804</b>	888,333,129
<b>Total Equity</b>	<b>7,092,651,012</b>	6,423,870,450
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱8,813,645,451</b>	₱8,302,378,874

*See accompanying Notes to Consolidated Financial Statements.*



**CITYLAND DEVELOPMENT CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**

	<b>Years Ended December 31</b>		
	<b>2015</b>	2014	2013
<b>REVENUE</b>			
Sales of real estate properties	<b>₱2,371,262,489</b>	₱1,152,448,392	₱1,168,719,804
Financial income (Note 20)	<b>284,515,478</b>	277,948,455	369,098,980
Rent income (Note 10)	<b>83,257,768</b>	87,068,104	32,440,172
Other income (Note 22)	<b>98,004,319</b>	65,753,555	149,816,279
	<b>2,837,040,054</b>	1,583,218,506	1,720,075,235
<b>EXPENSES</b>			
Cost of real estate sales (Note 8)	<b>1,422,019,784</b>	713,944,519	640,070,218
Operating expenses (Note 17)	<b>340,551,414</b>	291,124,173	382,030,316
Financial expenses (Note 21)	<b>7,998,261</b>	6,866,490	26,078,104
Other expenses (Note 22)	<b>30,389,630</b>	33,448,609	25,096,676
	<b>1,800,959,089</b>	1,045,383,791	1,073,275,314
<b>INCOME BEFORE INCOME TAX</b>	<b>1,036,080,965</b>	537,834,715	646,799,921
<b>PROVISION FOR INCOME TAX</b> (Note 24)	<b>260,310,532</b>	120,176,163	127,274,208
<b>NET INCOME</b>	<b>₱775,770,433</b>	₱417,658,552	₱519,525,713
Attributable to:			
Equity holders of the Parent Company	<b>₱739,915,065</b>	₱370,514,844	₱423,260,092
Non-controlling interests	<b>35,855,368</b>	47,143,708	96,265,621
	<b>₱775,770,433</b>	₱417,658,552	₱519,525,713
<b>BASIC/DILUTED EARNINGS PER SHARE</b> (Note 28)	<b>₱0.21</b>	₱0.10	₱0.12

*See accompanying Notes to Consolidated Financial Statements.*



**CITYLAND DEVELOPMENT CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Years Ended December 31</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>NET INCOME</b>	<b>₱775,770,433</b>	<b>₱417,658,552</b>	<b>₱519,525,713</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
To be reclassified to profit or loss in subsequent periods - changes in fair value of available-for-sale financial assets (Note 12)	<b>(780,697)</b>	337,910	(498,348)
Not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gain (loss) on defined benefit obligation (Note 23)	<b>(4,672,936)</b>	4,989,191	(5,431,275)
Income tax effect	<b>1,401,881</b>	(1,496,757)	1,629,383
	<b>(4,051,752)</b>	3,830,344	(4,300,240)
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱771,718,681</b>	<b>₱421,488,896</b>	<b>₱515,225,473</b>
Attributable to:			
Equity holders of the Parent Company	<b>₱736,348,884</b>	₱375,517,111	₱419,680,159
Non-controlling interests	<b>35,369,797</b>	45,971,785	95,545,314
	<b>₱771,718,681</b>	<b>₱421,488,896</b>	<b>₱515,225,473</b>

*See accompanying Notes to Consolidated Financial Statements.*



# CITYLAND DEVELOPMENT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

	Attributable to Equity Holders of the Parent Company								
	Capital Stock (Note 15)	Additional Paid-in Capital	Net Changes in Fair Values of Available-for-sale financial assets (Note 12)	Accumulated Re-measurement on Defined Benefit Plan - Net of Deferred Income Tax Effect (Note 23)	Retained Earnings (Note 15)	Treasury Stock (Note 15)	Subtotal	Non-controlling Interests	Total
<b>BALANCES AT DECEMBER 31, 2012</b>	<b>₱3,241,793,886</b>	<b>₱7,277,651</b>	<b>₱1,770,510</b>	<b>(₱15,435,630)</b>	<b>₱1,718,165,151</b>	<b>(₱31,172,734)</b>	<b>₱4,922,398,834</b>	<b>₱825,713,385</b>	<b>₱5,748,112,219</b>
Net income	—	—	—	—	423,260,092	—	423,260,092	96,265,621	519,525,713
Other comprehensive income (loss)	—	—	(184,473)	(3,395,460)	—	—	(3,579,933)	(720,307)	(4,300,240)
Total comprehensive income (loss)	—	—	(184,473)	(3,395,460)	423,260,092	—	419,680,159	95,545,314	515,225,473
Transfer of deferred tax liability on deemed cost adjustment of property and equipment absorbed through depreciation	—	—	—	—	2,871,517	—	2,871,517	—	2,871,517
Transfer of deferred tax liability on deemed cost adjustment of properties realized through sale	—	—	—	—	8,983,275	—	8,983,275	—	8,983,275
Parent Company shares of stock held by CPI	—	—	—	—	—	42,148	42,148	—	42,148
Stock dividends - 5%	161,992,454	—	—	—	(161,992,454)	—	—	—	—
Fractional shares	—	—	—	—	(343)	—	(343)	(324)	(667)
Cash dividends - ₱0.03 per share	—	—	—	—	(97,138,994)	—	(97,138,994)	—	(97,138,994)
Cash dividends declared by subsidiaries	—	—	—	—	—	—	—	(45,232,647)	(45,232,647)
<b>BALANCES AT DECEMBER 31, 2013</b>	<b>3,403,786,340</b>	<b>7,277,651</b>	<b>1,586,037</b>	<b>(18,831,090)</b>	<b>1,894,148,244</b>	<b>(31,130,586)</b>	<b>5,256,836,596</b>	<b>876,025,728</b>	<b>6,132,862,324</b>
Net income	—	—	—	—	370,514,844	—	370,514,844	47,143,708	417,658,552
Other comprehensive income (loss)	—	—	182,809	4,819,458	—	—	5,002,267	(1,171,923)	3,830,344
Total comprehensive income	—	—	182,809	4,819,458	370,514,844	—	375,517,111	45,971,785	421,488,896
Transfer of deferred tax liability on deemed cost adjustment of property and equipment absorbed through depreciation	—	—	—	—	2,692,796	—	2,692,796	—	2,692,796
Transfer of deferred tax liability on deemed cost adjustment of properties realized through sale	—	—	—	—	2,507,288	—	2,507,288	—	2,507,288
Parent Company shares of stock held by CPI	—	—	—	—	—	(20,176)	(20,176)	—	(20,176)
Stock dividends - 5%	170,092,060	—	—	—	(170,092,060)	—	—	—	—
Fractional shares	—	—	—	—	(360)	—	(360)	(327)	(687)
Cash dividends - ₱0.03 per share	—	—	—	—	(101,995,934)	—	(101,995,934)	—	(101,995,934)
Cash dividends declared by subsidiaries	—	—	—	—	—	—	—	(33,664,057)	(33,664,057)
<b>BALANCES AT DECEMBER 31, 2014</b>	<b>₱3,573,878,400</b>	<b>₱7,277,651</b>	<b>₱1,768,846</b>	<b>(₱14,011,632)</b>	<b>₱1,997,774,818</b>	<b>(₱31,150,762)</b>	<b>₱5,535,537,321</b>	<b>₱888,333,129</b>	<b>₱6,423,870,450</b>

(Forward)



Attributable to Equity Holders of the Parent Company

	Capital Stock (Note 15)	Additional Paid-in Capital	Net Changes in Fair Values of Available-for-sale financial assets (Note 12)	Accumulated Re-measurement on Defined Benefit Plan - Net of Deferred Income Tax Effect (Note 23)	Retained Earnings (Note 15)	Treasury Stock (Note 15)	Subtotal	Non-controlling Interests	Total
<b>BALANCES AT DECEMBER 31, 2014</b>	<b>₱3,573,878,400</b>	<b>₱7,277,651</b>	<b>₱1,768,846</b>	<b>(₱14,011,632)</b>	<b>₱1,997,774,818</b>	<b>(₱31,150,762)</b>	<b>₱5,535,537,321</b>	<b>₱ 888,333,129</b>	<b>₱6,423,870,450</b>
Net income	—	—	—	—	739,915,065	—	739,915,065	35,855,368	775,770,433
Other comprehensive income (loss)	—	—	(666,306)	(2,899,875)	—	—	(3,566,181)	(485,571)	(4,051,752)
Total comprehensive income (loss)	—	—	(666,306)	(2,899,875)	739,915,065	—	736,348,884	35,369,797	771,718,681
Transfer of deferred tax liability on deemed cost adjustment of property and equipment absorbed through depreciation	—	—	—	—	726,861	—	726,861	—	726,861
Transfer of deferred tax liability on deemed cost adjustment of properties realized through sale	—	—	—	—	2,779,123	—	2,779,123	—	2,779,123
Parent Company shares of stock held by CPI	—	—	—	—	—	(6,833)	(6,833)	—	(6,833)
Cash dividends - ₱0.027 per share	—	—	—	—	(96,386,148)	—	(96,386,148)	—	(96,386,148)
Cash dividends declared by subsidiaries	—	—	—	—	—	—	—	(10,051,122)	(10,051,122)
<b>BALANCES AT DECEMBER 31, 2015</b>	<b>₱3,573,878,400</b>	<b>₱7,277,651</b>	<b>₱1,102,540</b>	<b>(₱16,911,507)</b>	<b>₱2,644,809,719</b>	<b>(₱31,157,595)</b>	<b>₱6,178,999,208</b>	<b>₱913,651,804</b>	<b>₱7,092,651,012</b>

See accompanying Notes to Consolidated Financial Statements.



**CITYLAND DEVELOPMENT CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Years Ended December 31</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax	<b>₱1,036,080,965</b>	₱537,834,715	₱646,799,921
Adjustments for:			
Depreciation (Note 19)	<b>25,111,714</b>	29,582,913	16,710,266
Interest income (Note 20)	<b>(284,486,345)</b>	(277,916,622)	(369,057,978)
Interest expense - net of amounts capitalized (Note 21)	<b>6,919,259</b>	5,967,265	24,823,432
Retirement benefits costs (Note 23)	<b>1,514,899</b>	1,878,904	2,017,185
Trust fund income (Note 22)	<b>(477,071)</b>	(1,532,158)	(1,780,146)
Dividend income (Note 20)	<b>(29,133)</b>	(31,833)	(41,002)
Gain on sale of available-for-sale financial assets	—	—	(507,469)
Operating income before working capital changes	<b>784,634,288</b>	295,783,184	318,964,209
Decrease (increase) in:			
Installment contracts receivable	<b>(371,310,838)</b>	230,425,950	353,756,728
Other receivables	<b>1,405,018</b>	(7,861,681)	(2,152,326)
Real estate properties for sale	<b>779,160,911</b>	(49,241,406)	70,248,202
Deposits and others	<b>(4,249,420)</b>	(89,024,100)	(3,671,489)
Increase (decrease) in:			
Accounts payable and accrued expenses	<b>(3,249,174)</b>	(57,094,516)	(250,482,259)
Pre-need and other reserves	<b>(4,322,985)</b>	575,735	5,334,356
Cash generated from operations	<b>1,182,067,800</b>	323,563,166	491,997,421
Contributions to the plan	<b>(3,695,170)</b>	(3,695,170)	(3,309,821)
Interest received	<b>280,853,210</b>	281,847,388	367,683,523
Income taxes paid, including creditable and final withholding taxes	<b>(267,104,038)</b>	(222,157,380)	(152,105,990)
Net cash flows from operating activities	<b>1,192,121,802</b>	379,558,004	704,265,133
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of short-term cash investments (Note 4)	<b>(1,005,779,445)</b>	—	(1,745,750,000)
Additions to:			
Investment properties (Note 10)	<b>(331,691,441)</b>	(160,855,261)	(145,166,589)
Real estate properties held for future development (Note 9)	<b>(172,748,792)</b>	(167,824,723)	(12,201,447)
Property and equipment (Note 11)	<b>(303,572)</b>	(4,604,463)	(1,893,372)
Contributions to investments in trust fund (Note 5)	<b>(3,062,709)</b>	(2,403,108)	(1,218,183)
Withdrawals from investments in trust funds (Note 5)	<b>3,673,351</b>	4,076,055	7,782,478
Dividends received (Note 20)	<b>29,133</b>	(31,833)	41,002
Proceeds from:			
Matured short-term cash investments (Note 4)	—	869,229,445	—
Sale of property and equipment	—	—	1,068,572
Sale of available-for-sale financial assets	—	—	512,299
Net cash flows from (used in) investing activities	<b>(1,509,883,475)</b>	537,586,112	(1,896,825,240)

(Forward)



	Years Ended December 31		
	2015	2014	2013
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Availments of short-term notes (Note 14)	<b>₱4,926,800,000</b>	₱5,625,281,156	₱6,178,329,528
Payments of short-term notes (Note 14)	<b>(5,006,900,000)</b>	(5,880,339,620)	(6,529,884,681)
Payment of contracts payable (Note 14)	<b>(112,500,000)</b>	—	(17,381,250)
Interest paid (Note 14)	<b>(6,642,555)</b>	(6,822,864)	(34,267,762)
Dividends paid (Note 15)	<b>(105,897,983)</b>	(135,005,787)	(141,982,384)
Net cash flows used in financing activities	<b>(305,140,538)</b>	(396,887,115)	(545,186,549)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(622,902,211)</b>	520,257,001	(1,737,746,656)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>1,180,267,398</b>	660,010,397	2,397,757,053
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)</b>	<b>₱557,365,187</b>	₱1,180,267,398	₱660,010,397

*See accompanying Notes to Consolidated Financial Statements.*



# **CITYLAND DEVELOPMENT CORPORATION AND SUBSIDIARIES**

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## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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### **1. Corporate Information**

Cityland Development Corporation (the “Parent Company”) was incorporated in the Philippines on January 31, 1978. It has two subsidiaries, Cityplans, Incorporated (CPI) and City & Land Developers, Incorporated (CLDI), a publicly listed company, all domiciled in the Philippines. The Parent Company’s and CLDI’s primary business purpose is to acquire, develop, improve, subdivide, cultivate, lease, sublease, sell, exchange, barter and/or dispose of agricultural, industrial, commercial, residential and other real properties, as well as to construct, improve, lease, sublease, sell and/or dispose of houses, buildings and other improvements thereon, and to manage and operate subdivisions and housing projects or otherwise engage in the financing and trading of real estate. CPI is engaged in the business of establishing, organizing, developing, maintaining, conducting, operating, marketing and selling pension plans. The Parent Company is 50.42% owned by Cityland, Inc. (CI), the ultimate parent company incorporated in the Philippines, which also prepares consolidated financial statements.

The Parent Company’s registered office and principal place of business is 2nd floor, Cityland Condominium 10, Tower I, 156 H. V. de la Costa Street, Makati City.

The consolidated financial statements of the Parent Company and its subsidiaries (the Group) as at December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015 were authorized for issuance by the Board of Directors (BOD) on March 16, 2016.

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### **2. Summary of Significant Accounting and Financial Reporting Policies**

#### Basis of Preparation

The consolidated financial statements of the Group have been prepared using the historical cost basis, except for financial assets at fair value through profit or loss and available-for-sale financial assets that have been measured at fair values and repossessed real estate properties for sale which are carried at fair value less costs to sell. These consolidated financial statements are presented in Philippine peso (Peso), which is the Group’s functional currency, and rounded to the nearest Peso except when otherwise indicated.

#### Statement of Compliance

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

#### Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted the following new accounting pronouncements starting January 1, 2015. Adoption of these pronouncements did not have a significant impact on the Company’s financial position or performance.

- Amendments to PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions*

#### *Annual Improvements to PFRSs (2010 to 2012 cycle)*

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*



- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*
- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization*
- PAS 24, *Related Party Disclosures - Key Management Personnel*

*Annual Improvements to PFRSs (2011 to 2013 cycle)*

- PFRS 3, *Business Combinations - Scope Exceptions for Joint Ventures*
- PFRS 13, *Fair Value Measurement - Portfolio Exception*
- PAS 40, *Investment Property - Clarifying the Interrelationship between PFRS 3 and PAS 40 when Classifying Property as Investment Property or Owner-occupied Property*

Basis of Consolidation

The consolidated financial statements consist of the financial statements of the Parent Company and its subsidiaries as of December 31 of each year. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using consistent accounting policies.

These subsidiaries, all incorporated and domiciled in the Philippines, and the percentage of ownership of the Parent Company in 2015 and 2014 are as follows:

	Percentage of Ownership	Nature of Activity
CPI	90.81	Pre-need pension plans
CLDI	49.73	Real estate

The registered office and principal place of business of CLDI is 3rd Floor, Cityland Condominium 10, Tower I, 156 H. V. de la Costa Street, Makati City. On the other hand, registered office address of CPI is at 3rd Floor, Cityland Condominium 10, Tower II, 154 H.V. de la Costa Street, Salcedo Village, Makati City.

A subsidiary is an entity that is controlled by the Parent Company. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

When the Parent Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Parent Company's voting rights and potential voting rights

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.



Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. In such circumstances, the carrying amounts of the controlling and non-controlling interests shall be adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received shall be recognized directly in equity and attributed to the owners of the parent.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill, if any), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

#### Non-controlling Interests

Non-controlling interests represent the interests in CPI and CLDI not held by the Parent Company, and are presented separately in the consolidated statement of income, consolidated statement of comprehensive income and within the equity section of the consolidated balance sheet, separate from the Parent Company's equity.

#### Current versus Noncurrent Classification

The Group presents assets and liabilities in balance sheet based on current/noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within 12 months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within 12 months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred income tax assets and liabilities are classified as noncurrent assets and liabilities.



### Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisition, and are subject to an insignificant risk of change in value.

### Short-term Cash Investments

Short-term cash investments are investments with maturities of more than three months but not exceeding one year from dates of acquisition.

### Financial Assets and Financial Liabilities

#### *Date of recognition*

The Group recognizes a financial asset or a financial liability in the consolidated balance sheet when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

#### *Initial recognition of financial instruments*

Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit or loss, includes directly attributable transaction cost.

#### *Classification of financial instruments*

Subsequent to initial recognition, the Group classifies its financial instruments in the following categories: financial assets and financial liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and other financial liabilities. The classification depends on the purpose for which the instruments are acquired and whether they are quoted in an active market. Management determines the classification at initial recognition and, where allowed and appropriate, re-evaluates this classification at each end of reporting period.

#### a. Financial Assets or Financial Liabilities at Fair Value through Profit or Loss

A financial asset or financial liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the near term or upon initial recognition it is designated by management as at fair value through profit or loss.

Financial assets or financial liabilities classified in this category are designated as at fair value through profit or loss by management on initial recognition when the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- The assets or liabilities are part of a group of financial assets or financial liabilities, or both financial assets and financial liabilities, which are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.



Financial assets or financial liabilities classified under this category are carried at fair value in the consolidated balance sheet. Changes in the fair value of such assets and liabilities are recognized in the consolidated statement of income.

The Group designated its investments in trust funds as financial assets at fair value through profit or loss. The Group's investments in trust funds directly relate to the Pre-need Reserves accounts.

b. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. Loans and receivables are carried at amortized cost in the consolidated balance sheet. Amortization is determined using the effective interest rate method.

The Group's loans and receivables consist of cash in banks, cash equivalents, short-term cash investments, installment contracts receivable, refundable deposits, escrow deposit and other receivables.

c. Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities wherein the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments are carried at amortized cost in the consolidated balance sheet. Amortization is determined using the effective interest rate method.

The Group has no held-to-maturity investments as of December 31, 2015 and 2014.

d. Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Available-for-sale financial assets are carried at fair value in the consolidated balance sheet. Changes in the fair value of such assets are accounted in the consolidated statement of comprehensive income and in equity.

The Group's available-for-sale financial assets consist of investments in quoted equity securities.

e. Other Financial Liabilities

Other financial liabilities are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. They arise when the Group owes money, goods or services directly to a creditor with no intention of trading the payables. Other financial liabilities are carried at cost or amortized cost in the consolidated balance sheet. Amortization is determined using the effective interest rate method.

The Group's other financial liabilities consist of accounts payable and accrued expenses and notes and contracts payable.

Cash dividend distributions to stockholders are recognized as financial liabilities when the dividends are approved by the BOD.



#### *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

#### Fair Value Measurement

##### *Determination of fair value*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

#### *“Day 1” Difference*

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a “Day 1” difference) in the consolidated statement



of income unless it qualifies for recognition as some other type of asset. In cases where inputs are made of data which are not observable, the difference between the transaction price and model value is only recognized in the consolidated statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the “Day 1” difference.

#### Derecognition of Financial Assets and Financial Liabilities

##### *Financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Group has transferred its right to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from a financial asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

##### *Financial liabilities*

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

#### Impairment of Financial Assets

The Group assesses at each reporting period whether a financial asset or a group of financial assets is impaired.

##### *Assets carried at amortized cost*

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. Objective evidence includes observable data that comes to the attention of the Group about loss events such as, but not limited to significant financial difficulty of the counterparty, a breach of contract, such as default or delinquency in interest or principal payments, probability that the borrower will enter bankruptcy or other financial reorganization. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in the group of financial assets with similar credit risk and characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is recognized are not included in a collective assessment of impairment.



The impairment assessment is performed at each end of reporting period. For the purpose of collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics such as customer type, payment history, past-due status and term.

If there is an objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rates (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of loss, if any, is recognized in the consolidated statement of income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the consolidated statement of income. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral, if any, has been realized or has been transferred to the Group. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance for impairment losses account. If a future write off is later recovered, the recovery is recognized in the consolidated statement of income under "Other income" account. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of income to the extent that the carrying value of the asset does not exceed its amortized cost at reversal date.

#### *Assets carried at cost*

If there is an objective evidence that an impairment loss of an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

#### *Available-for-sale financial assets*

In the case of debt instruments classified as available-for-sale financial assets, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Such accrual is recorded as part of "Financial income" in the consolidated statement of income. If, in subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of income, the impairment loss is reversed through the consolidated statement of income.

In case of equity investments classified as available-for-sale financial assets, this would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated statement of income - is removed from equity and recognized in the consolidated statement of income. Increases in fair value after impairment are recognized in the



consolidated statement of comprehensive income and directly in the consolidated statement of changes in equity.

#### Real Estate Properties for Sale and Real Estate Properties Held for Future Development

Property acquired or being constructed for sale in the ordinary course of business and held for future development, rather than to be held for rental or capital appreciation, is classified as real estate properties for sale and real estate properties held for future development and are measured at the lower of cost and net realizable value (NRV).

Cost includes:

- Land cost
- Amounts paid to contractors for construction
- Borrowing costs directly attributable to the acquisition, development and construction of real estate projects
- Planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs to complete and the estimated costs necessary to make the sale. The Group recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known.

Upon commencement of development, the real estate properties held for future development is transferred to real estate properties for sale.

Repossessed real estate properties for sale arising from sale cancellations and forfeitures are measured at fair value less estimated costs to make the sale. Any resulting gain or loss is credited or charged to "Other income" or "Other expenses", respectively, in the consolidated statement of income.

#### Investments in Trust Funds

The trust fund assets and liabilities are recognized in accordance with the provisions of the applicable PAS and PFRS and their interpretations.

Investments in trust funds are restricted to cover the Group's pre-need reserves. These are classified as current assets to the extent of the currently maturing pre-need reserves. The remaining portion is classified as noncurrent assets in the consolidated balance sheet.

#### Investment Properties

Investment properties which represent real estate properties for lease are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of existing investment properties at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of the property. The carrying values of revalued properties transferred to investment properties on January 1, 2004 were considered as the assets' deemed cost as of said date.

Subsequent to initial measurement, investment properties, except land, are carried at cost less accumulated depreciation and amortization and any impairment in value. Land is carried at cost less any impairment in value. Buildings for lease are depreciated over their useful life of 25 years while machineries and equipment are depreciated over their useful life of 5 to 15 years using the straight-line method.



Investment properties are derecognized when either they have been disposed of or when the property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in the consolidated statement of income in the year of retirement or disposal.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party, or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

Transfers between investment properties, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Construction in progress is stated at cost. This includes costs of construction and other direct costs related to the investment property being constructed. Construction in progress is not depreciated until such time when the relevant assets are complete and ready for use. When such construction is completed and assets are ready for use, the costs of the said assets are transferred to specific classification under "Investment properties" account.

#### Property and Equipment

Property and equipment, except for office premises, are stated at cost less accumulated depreciation and any impairment in value. Office premises are stated at appraised values (asset's deemed cost) as determined by independent firms of appraisers at the date of transition to PFRS, less accumulated depreciation and any impairment in value. Subsequent additions to office premises are stated at cost less accumulated depreciation and any impairment in value.

The initial cost of property and equipment consists of the purchase price and any directly attributable cost of bringing the assets to their working condition and location for their intended use. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance costs, are normally charged to the consolidated statement of income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation of an item of property and equipment begins when the asset becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, and the date the asset is derecognized.

Depreciation is computed using the straight-line method over the estimated useful lives of the properties as follows:

	Years
Office premises:	
Building	25
Furniture, fixtures and office equipment	5-15
Transportation and other equipment	5



The assets' useful lives and depreciation method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property and equipment.

When property and equipment are sold or retired, the cost and related accumulated depreciation and any impairment in value are removed from the accounts, and any gains or losses from their disposal is included in the consolidated statement of income.

#### Impairment of Nonfinancial Assets

The carrying values of real estate properties held for future development, investment properties and property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are either written down to their recoverable amount or provided with valuation allowance. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value-in-use. Impairment losses, if any, are recognized in the consolidated statement of income.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

The Group assesses at each reporting period whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. The Group considers external and internal sources of information in its assessment of the reversal of previously recognized impairment losses. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income. After such a reversal, the depreciation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### Value-added Tax (VAT)

Revenue, expenses, assets and liabilities are recognized, net of the amount of VAT, except where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The net amount of VAT recoverable from or payable to, the taxation authority is included as part of "Other current assets" or "Accounts payable and accrued expenses," respectively, in the consolidated balance sheet.

#### Pre-Need Reserves (PNR)

PNR for pension plans are calculated on the basis of the methodology and assumptions set out in Pre-need Rule 31, as Amended, as follows:

- The amount of provision is the present value of the funding expected to be required to settle the obligation with due consideration of the different probabilities as follows:



- i. Provision for termination values applying the inactivity and surrender rate experience of CPI.
  - ii. The liability is equivalent to the present value of future maturity benefits reduced by the present value of future trust fund contributions required per Product Model discounted at the lower of attainable rate or discount rate provided by the Insurance Commission (IC) for SEC-approved plans and the pricing discount rate for IC-approved plans.
- The rates of surrender, cancellation, reinstatement, utilization, and inflation considered the actual experience of CPI in the last three years.
  - The computation of the foregoing assumptions has been validated by the internal qualified actuary of CPI.
  - Based on CPI's experience, the probability of pre-termination or surrender of fully paid plans is below 5% and therefore considered insignificant. The derecognition of liability shall be recorded at pre-termination date.

In 2015 and 2014, CPI follows IC Circular Letter No. 23-2012 dated November 28, 2012 which sets the guidelines for the discount rate to be used in the valuation of PNR as follows:

- Discount interest rate for the PNR  
The transitory discount interest rate per year shall be used in the valuation of PNR shall not exceed the lower of the attainable rates as certified by the trustee banks and the following rates below:

Year	Discount interest rate
2012 – 2016	8.00%
2017	7.25%
2018	6.50%
2019 and onwards	6.00%

- Transitory PNR (TPNR)  
In effecting the transition in the valuation of reserves for old basket of plans, IC shall prescribe a PNR with a maximum transition period of 10 years.

For each of the pre-need plan categories, the TPNR shall be computed annually on the old basket of plans outstanding at the end of each year from 2012 to 2021 using the discount interest rates provided above. If the actual trust fund balance is higher than or equal to the resulting PNR then the liability set-up shall be the PNR.

However, if the resulting PNR is greater than the actual trust fund balance at the end of the year, TPNR shall be computed.

The actual trust fund balance shall be the trust fund balance at the end of the year net of any receivables by CPI from the trustee for the contractual benefits outstanding as of the end of the year.

The TPNR liability shall be recognized each year. As of December 31, 2015 and 2014, CPI's actual trust fund balance is lower than the resulting PNR (see Note 5).

#### *Other reserves*

CPI sets up other provisions in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, to cover obligations such as Insurance Premium Reserves (IPR), pension bonus, and trust fund deficiency.



Unless the IC shall so specifically require, CPI may, at its option, set up other provisions as a prudent measure.

#### Capital Stock

Capital stock is measured at par value for all shares issued and outstanding. When the Parent Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

When the shares are sold at premium, the difference between the proceeds and the par value is credited to the "Additional paid-in capital" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Parent Company, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

#### Retained Earnings

Retained earnings represent the cumulative balance of net income or loss, dividend distributions, effects of changes in accounting policy and other capital adjustments.

Unappropriated retained earnings represent that portion of retained earnings which can be declared as dividends to stockholders after adjustments for any unrealized items which are considered not available for dividend declaration. Appropriated retained earnings represent that portion of retained earnings which has been restricted and therefore is not available for any dividend declaration.

The retained earnings include deemed cost adjustments on real estate properties for sale, investment properties and property and equipment that arose when the Group transitioned to PFRS in 2005. The deemed cost adjustment will be realized through depreciation in profit or loss for depreciable assets (property and equipment and investment properties) and through sale for inventories (classified under real estate properties for sale) and land (classified under investment properties). The deferred income tax liability on deemed cost adjustments on investment properties, property and equipment and inventories sold under Income Tax Holiday (ITH) projects is transferred to retained earnings upon realization while the deferred income tax liability on deemed cost adjustments on inventories sold under regular tax regime is transferred to consolidated statement of income upon sale.

#### *Dividend Distributions*

Cash dividends on common shares are deducted from retained earnings upon declaration by the BOD.

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

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

#### Treasury Stock

Treasury stock is the Group's own equity instruments that has been issued and then reacquired but not yet cancelled. Treasury stock are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or



cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized as additional paid-in capital.

#### Revenue and Costs Recognition

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the Group and the amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration received excluding VAT. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

##### *Sales of real estate properties*

In accordance with Philippine Interpretations Committee, Q&A 2006-01, the percentage-of-completion (POC) method is used to recognize income from sales of condominium units and residential houses where the Group has material obligations under the sales contract to complete the project after the property is sold, the equitable interest has been transferred to the buyer, construction is beyond preliminary stage (i.e., engineering, design work, construction contracts execution, site clearance and preparation, excavation and the building foundation are finished) and the costs incurred or to be incurred can be measured reliably. Under this method, revenue on sale is recognized as the related obligations are fulfilled, measured principally on the basis of the estimated completion of a physical proportion of the contract work.

Revenue from sale of completed residential lots and housing units, where a sufficient down payment has been received, the collectability of the sales price is reasonably assured, the refund period has expired, the receivables are not subordinated and the seller is not obliged to complete improvements, is accounted for under the full accrual method.

If the criteria of full accrual and POC method are not satisfied and when the license to sell and certificate of registration for a project are not yet issued by the Housing and Land Use Regulatory Board (HLURB), any cash received by the Group is recorded as part of "Customers' deposits" account which is included under "Accounts payable and accrued expenses" in the consolidated balance sheet until all the conditions for recognizing the sale are met.

##### *Cost of real estate sales*

Cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of subdivision land and condominium units sold before the completion of the development is determined on the basis of the acquisition cost of the land plus estimated costs to complete the development of the property. The estimated expenditures for the development of sold real estate property, as determined by independent project engineers, are charged to "Cost of real estate sales" in the consolidated statement of income with a corresponding credit to accrued development costs account presented under "Accounts payable and accrued expenses" in the consolidated balance sheet.

The cost of inventory recognized in profit or loss on disposal (cost of real estate sales) is determined with reference to the specific costs incurred on the property, allocated to saleable area based on relative size and takes into account the POC used for revenue recognition purposes.

Any changes in estimated development costs used in the determination of the amount of revenue and expenses are recognized in consolidated statement of income in the period in which the change is made.



*Sale of undeveloped land*

Revenue from sale of undeveloped land is recognized using the full accrual method. Under the full accrual method, revenue is recognized when the risks and rewards of ownership on the undeveloped land have passed to the buyer and the amount of revenue can be measured reliably.

*Sales of pre-need plans*

Premiums from sale of pre-need plans, included under “Other income” account in the consolidated statement of income are recognized as earned when collected.

*Cost of contracts issued*

This account pertains to (a) the increase or decrease in PNR as at the current year as compared to the provision for the same period of the previous year; (b) amount of trust funds contributed during the year including any trust fund deficiency; and (c) documentary stamp tax and SEC registration fees.

If there is a decrease in the PNR as a result of new information or developments, the amount shall be deducted from the cost of contracts issued in the current period. In case of material prior period errors, the requirements of PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, shall be complied with by CPI.

*Interest income*

Interest income from cash in banks, cash equivalents, short-term cash investments and installment contracts receivable is recognized as the interest accrues taking into account the effective yield on interest.

*Dividend income*

Dividend income is recognized when the Group’s right to receive the payment is established.

*Trust Fund Income*

Trust fund income mainly pertains to rental income on investment properties under the trust fund account, as well as, trading gains and losses from buying and selling and changes in fair value of financial assets and financial liabilities categorized upon initial recognition as at fair value through profit or loss investments under the trust fund account.

*Operating leases – Group as a lessor*

Operating leases represent those leases under which substantially all the risks and rewards of ownership of the leased assets remain with the lessors. Rent income from operating leases is recognized as income when earned on a straight-line basis over the term of the lease agreement. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

- (a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
- (b) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
- (c) There is a change in the determination of whether fulfillment is dependent on a specified asset; or
- (d) There is substantial change to the asset.



Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c), or (d) and at the date of renewal or extension period for scenario (b).

#### *Operating expenses*

Operating expenses constitute costs of administering the business. These costs are expensed as incurred.

#### *Financial expenses*

Financial expenses consist of interest incurred on notes and contracts payable. Interest attributable to a qualifying asset is capitalized as part of the cost of the asset while others are expensed as incurred.

Interest costs are capitalized if they are directly attributable to the acquisition, development and construction of real estate projects as part of the cost of such projects. Capitalization of interest cost (1) commences when the activities to prepare the assets for their intended use are in progress and expenditures and interest costs are being incurred, (2) is suspended during extended periods in which active development is interrupted, and (3) ceases when substantially all the activities necessary to prepare the assets for their intended use are complete. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

#### *Other income and other expenses*

Other income and other expenses pertain to the gain or loss, respectively, arising from forfeiture or cancellation of prior years' real estate sales.

#### Retirement Benefits Cost

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Retirement benefits cost comprises the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Re-measurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the consolidated statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuary.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statement of income.



Re-measurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in the consolidated statement of comprehensive income in the period in which they arise. Re-measurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

#### *Employee leave entitlement*

Employee entitlements to annual leave are recognized as a liability when they are earned by the employees. The undiscounted liability for leave expected to be settled within 12 months after the end of the reporting period is recognized for services rendered by employees up to the end of the reporting period. Accumulating leave credits which are not expected to be settled wholly within 12 months from the balance sheet date in which the employees rendered the related service are classified as noncurrent liabilities. The Group computes for the obligation using the projected unit credit method, which is similar to accounting for retirement benefits, except that any remeasurement gain or loss is taken directly to profit or loss.

#### Provisions and Contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of income net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the effective future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

#### Income Taxes

##### *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and the tax



laws used to compute the amount are those that are enacted or substantively enacted at the end of reporting period.

Current income tax for current and prior periods shall, to the extent unpaid, be recognized as a liability under "Income tax payable" account in the consolidated balance sheet. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognized as an asset under "Other current assets" account in the consolidated balance sheet.

#### *Deferred income tax*

Deferred income tax is recognized on all temporary differences at the end of reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences can be utilized. Deferred income tax assets and deferred income tax liabilities are not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax liabilities are not provided on nontaxable temporary differences associated with investments in subsidiaries and affiliates.

The carrying amount of deferred income tax assets is reviewed at each end of reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each end of reporting period and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred income tax asset to be recovered.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of reporting period.

Deferred income tax relating to items recognized directly in equity is recognized in equity and those directly in comprehensive income such as re-measurement of defined benefit plan are recognized in the consolidated statement of comprehensive income and not in the consolidated statement of income.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### Other Comprehensive Income

Other comprehensive income comprises items of income and expense that are not recognized in the consolidated statement of income in accordance with PFRS. Other comprehensive income of the Group includes gains and losses on fair value changes of available-for-sale financial assets, re-measurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability).



### Earnings Per Share

Basic earnings per share is computed by dividing the net income for the year attributable to equity holders of the Parent Company by the weighted average number of ordinary shares issued and outstanding after considering the retroactive effect, if any, of stock dividends declared during the year.

Diluted earnings per share is calculated by dividing the net income for the year attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares and adjusted for the effects of all dilutive potential common shares, if any. In determining both the basic and diluted earnings per share, the effect of stock dividends, if any, is accounted for retrospectively.

### Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 29 to the consolidated financial statements. The Group's asset-producing revenues are located in the Philippines (i.e., one geographical location). Therefore, geographical segment information is no longer presented.

### Events After the Reporting Period

Post year-end events that provide additional information about the Group's position at the end of reporting period (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

### Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Group does not expect that the future adoption of the said pronouncements have a significant impact on its financial statements unless otherwise indicated. The Group intends to adopt the following pronouncements when they become effective.

#### *Effective beginning January 1, 2016*

- Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities* and PAS 28, *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception*
- Amendments to PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations*
- PFRS 14, *Regulatory Deferral Accounts*
- Amendments to PAS 1, *Presentation of Financial Statements - Disclosure Initiative*
- Amendments to PAS 16 and PAS 38 - *Clarification of Acceptable Methods of Depreciation and Amortization*
- Amendments to PAS 16 and PAS 41 - *Bearer Plants*
- Amendments to PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements*

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRSs and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively.



*Annual Improvements to PFRSs (2012-2014 cycle)*

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*
- PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*
- PFRS 7 - *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
- PAS 19, *Employee Benefits - Discount Rate: Regional Market Issue*
- PAS 34, *Interim Financial Reporting - Disclosure of Information 'Elsewhere in the Interim Financial Report'*

*Effective beginning January 1, 2017*

- Amendments to PAS 7, *Disclosure Initiative*  
The amendments require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes.
- Amendments to PAS 12, *Recognition of Deferred Tax Assets for Unrealized Losses*  
The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value.

*Effective beginning January 1, 2018*

- PFRS 9, *Financial Instruments* (2014 or final version)

*Effective beginning January 1, 2019*

- PFRS 16, *Leases*  
The new standard introduces major changes in lease accounting. Under PFRS 16, lessees will no longer classify their leases as either operating or financing leases in accordance with PAS 17, *Leases*. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the leased assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less for which the underlying asset is of low value are exempted from these requirements.

The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

PFRS 16 will replace PAS 17 and supersede the related interpretations. Earlier application is not permitted until the Financial Standards Reporting Council (FRSC) has adopted the new revenue recognition standard.

The Group is currently studying the impact of future adoption of PFRS 16.

*Deferred Effectivity*

- Amendments to PFRS 10 and PAS 28 - *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*



- *Philippine Interpretation IFRIC-15, Agreements for the Construction of Real Estate*  
This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

*Issued by the IASB but not yet adopted by the FRSC*

- *International Financial Reporting Standards (IFRS 15), Revenue from Contracts with Customers*  
IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

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### 3. **Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes.

In the opinion of management, these consolidated financial statements reflect all adjustments necessary to present fairly the results for the period presented. Actual results could differ from such estimates.

#### Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the consolidated financial statements:

#### *Determination of the Group's functional currency*

The Group, based on the relevant economic substance of the underlying circumstances, has determined its functional currency to be Peso. It is the currency that influences the Group's sale of real estate properties and the cost of selling the same.

#### *Consolidation of CLDI in which the Group holds less than a majority of voting right (de facto control)*

The Group consolidates the accounts of CLDI since it considers that it controls CLDI even though it owns less than 50% of voting interest. The factors that the Group considers in making this determination include the size of its block of voting shares and the relative size and dispersion of holdings by other stockholders. The Group is the single largest shareholder of CLDI with 49.73% equity interest. The Parent Company, some of its stockholders and affiliates (whose stockholders also own equity ownership in the Parent Company) collectively own more than 50% of the equity of CLDI giving the Parent Company effective control over CLDI.



In addition, majority of the members of its governing body or for which its key management personnel are the same as those of CLDI.

#### *Revenue recognition*

Selecting the appropriate revenue recognition method for particular real estate transaction requires certain judgments based on the following, among others:

- *Collectability of sales price*

Collectability of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that gives the buyer a sufficient stake in the property that risk of loss through default motivates the buyer to honor his obligation. Collectability is also assessed by considering factors such as the credit standing of the buyer, age, and location of the property.

For sale of real estate properties, in determining whether the sales prices are collectible, the Group considers that initial and continuing investments by the buyer of about 10% would demonstrate the buyer's commitment to pay.

- *Stage of completion of the project*

The Group commences the recognition of revenue from sale of uncompleted projects where the POC method is used when the POC, as determined by independent project engineers, ranges from 5% to 10%. It is the period when the Group considers that the construction is beyond preliminary stage (i.e., engineering, design work, construction contracts execution, site clearance and preparation, excavation and the building foundation are finished).

#### *Classification of financial instruments*

The Group classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the Group's consolidated balance sheet (see Note 26).

The Group determines the classification at initial recognition and, where allowed and appropriate, re-evaluates this designation at every end of reporting period.

#### *Operating lease commitments – Group as lessor*

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all significant risks and rewards of ownership of the properties as the Group considered, among others, the length of the lease term as compared with the estimated life of the assets (see Note 10).

A number of the Group's operating lease contracts are accounted for as noncancellable operating leases and the rest are cancellable. In determining whether a lease contract is cancellable or not, the Group considers among others, the significance of the penalty, including the economic consequence to the lessee.

#### *Distinction between investment properties and owner-occupied properties*

The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to the other assets used for administrative purposes.



Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use for administrative purposes. If these portions cannot be sold separately at the reporting date, the property is accounted for as investment property only if an insignificant portion is held for use for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

Investment properties amounted to ₱1.86 billion and ₱1.33 billion as of December 31, 2015 and 2014, respectively (see Note 10). Property and equipment amounted to ₱14.04 million and ₱18.34 million as of December 31, 2015 and 2014, respectively (see Note 11).

*Distinction between real estate properties for sale and investment properties*

The Group determines whether a property is classified as for sale, for lease and for capital appreciation.

Real estate properties which the Group develops and intends to sell on or before completion of construction are classified as real estate properties for sale. Real estate properties for sale amounted to ₱1.38 billion and ₱1.72 billion as of December 31, 2015 and 2014, respectively (see Note 8). Real estate properties which are not occupied substantially for use by, or in the operations of the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation are classified as investment properties. Investment properties amounted to ₱1.86 billion and ₱1.33 billion as of December 31, 2015 and 2014, respectively (see Note 10).

*Distinction between real estate properties for sale and held for future development*

The Group determines whether a property will be classified as real estate properties for sale or held for future development. In making this judgment, the Group considers whether the property will be sold in the normal operating cycle (real estate properties for sale) or whether it will be retained as part of the Group's strategic landbanking activities for development or sale in the medium or long-term (real estate properties held for future development). Real estate properties for sale amounted to ₱1.38 billion and ₱1.72 billion as of December 31, 2015 and 2014, respectively (see Note 8). Real estate properties held for future development amounted to ₱0.82 billion and ₱1.25 billion as of December 31, 2015 and 2014, respectively (see Note 9).

Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

*Revenue and cost recognition*

The Group's revenue recognition and cost policies require management to make use of estimates and assumptions that may affect the reported amount of revenue and cost. The Group's revenue from real estate properties based on the POC is measured principally on the basis of the estimated completion of a physical proportion of the contract work.

*Estimation of POC of real estate projects*

The Group's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue and cost. The Group estimates the POC of ongoing projects for purposes of accounting for the estimated costs of development as well as revenue to be recognized. Actual costs of development could differ from these estimates. Such estimates will be adjusted accordingly when the effects become reasonably determinable. The POC is based on the technical evaluation of the independent project engineers as well as



management's monitoring of the costs, progress and improvements of the projects. Gross profit on sales of real estate properties amounted to ₱949.24 million, ₱438.51 million and ₱528.65 million in 2015, 2014 and 2013, respectively. In 2013, the Group reversed the excess of estimated development cost over the actual cost of completed project amounting to ₱119.74 million which was recognized under "Other income" in the 2013 consolidated statement of income (see Note 22).

*Determination of fair value of financial instruments*

Financial assets and financial liabilities, on initial recognition, are accounted for at fair value. The fair values of financial assets and financial liabilities, on initial recognition, are normally the transaction prices. In the case of those financial assets and financial liabilities that have no active markets, fair values are determined using an appropriate valuation technique. The fair values of the Group's financial instruments are disclosed in Note 26.

*Estimation of allowance for impairment of receivables*

The level of this allowance is evaluated by management based on past collection history and other factors, which include, but not limited to the length of the Group's relationship with customer, the customer's payment behavior and known market factors that affect the collectability of the accounts. As of December 31, 2015 and 2014, installment contracts receivable and other receivables aggregated to ₱1.81 billion and ₱1.43 billion, respectively. There was no impairment of receivables in 2015 and 2014 (see Notes 6 and 7).

*Impairment of available-for-sale financial assets*

An impairment issue arises when there is an objective evidence of impairment, which involves significant judgment. In making this judgment, the Group evaluates the financial health of the issuer, among others. The Group treats available-for-sale equity financial assets as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The Group treats "significant" generally as 20% or more of cost and "prolonged" as greater than 12 months for quoted equity securities. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

Available-for-sale financial assets amounted to ₱1.59 million and ₱1.73 million as of December 31, 2015 and 2014, respectively (see Note 12).

Based on management's assessment, certain available-for-sale equity securities held in trust funds by CPI are impaired in 2015. Impairment loss on available-for-sale financial assets in trust funds, including accumulated mark-to-market adjustments transferred from equity to profit or loss, amounted to ₱0.40 million in 2015 (nil in 2014 and 2013) (see Note 5).

*Determination of net realizable value of real estate properties for sale and held for future development*

The Group's estimates of net realizable value of real estate properties for sale are based on the most reliable evidence available at the time the estimates are made, or the amount that the real estate properties for sale are expected to be realized. These estimates consider the fluctuations of price or cost directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at the end of the period. A new assessment is made of net realizable value in each subsequent period. When the circumstances that previously caused the real estate properties for sale to be written down below cost no longer exist or when there is a clear evidence of an increase in net realizable value because of changes in economic circumstances, the amount of the write-down is reversed so that the new carrying amount is the lower of the cost and the revised net realizable value. The Group's real estate properties for sale and held for future development as of December 31, 2015 and 2014 amounted to ₱2.20 billion and ₱2.97 billion, respectively (see Notes 8 and 9).



*Estimation of useful lives of investment properties and property and equipment*

The Group estimates the useful lives of investment properties and property and equipment based on the internal technical evaluation and experience with similar assets. Estimated lives of investment properties and property and equipment are reviewed periodically and updated if expectations differ from previous estimates due to wear and tear, technical and commercial obsolescence and other limits on the use of the assets. Net book value of investment properties as of December 31, 2015 and 2014 amounted to ₱1.86 billion and ₱1.33 billion, respectively (see Note 10). On the other hand, the net book value of property and equipment amounted to ₱14.04 million and ₱18.34 million as of December 31, 2015 and 2014, respectively (see Note 11).

*Determination of the fair value of investment properties*

The Group discloses the fair values of its investment properties in accordance with PAS 40, *Investment Property*, the Group engaged two accredited independent valuation specialists to assess fair value as of December 31, 2015 and 2014. The Group's investment properties consist of land and building pertaining to commercial properties. These are valued by reference to sales of similar or substitute properties and other related market data had the investment properties been transacted in the market. The significant unobservable inputs used in determining the fair value are the sales price per square meter of similar or substitute property, location, size, shape of lot and the highest and best use. Another method used in determining the fair value of land properties is based on the market data approach. The value of land is based on sales and listings of comparable property registered within the vicinity. This requires adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator by adjusting the difference between the subject property and those actual sales and listings regarded as comparables. The comparison is premised on the factors of location; size and shape of the lot; time element and others (see Note 26).

*Impairment of investment properties and property and equipment*

The Group determines whether its nonfinancial assets such as investment properties and property and equipment are impaired when impairment indicators exist such as significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. This requires an estimation of the value-in-use of the cash-generating units to which the assets belong. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose an appropriate discount rate in order to calculate the present value of those cash flows. No impairment indicator was noted as of December 31, 2015 and 2014. Net book value of investment properties as of December 31, 2015 and 2014 amounted to ₱1.86 billion and ₱1.33 billion, respectively (see Note 10). On the other hand, the net book value of property and equipment amounted to ₱14.04 million and ₱18.34 million as of December 31, 2015 and 2014, respectively (see Note 11).

*Estimation of retirement benefits cost*

The cost of the defined benefit plan and the present value of the defined benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the PDEX PDST-R2 rates at various tenors, rates for intermediate durations were interpolated and the rates were then weighted by the expected benefits payments at those durations to arrive at the single weighted average discount rate.



The mortality rate is based on publicly available mortality table in the Philippines. Future salary increases are based on expected future inflation rates. Further details about assumptions used are given in Note 23.

Net retirement benefits cost amounted to ₱1.51 million, ₱1.88 million and ₱2.02 million in 2015, 2014 and 2013, respectively. The carrying value of the Parent Company's and CPI's retirement plan assets as of December 31, 2015 and 2014 amounted to ₱17.25 million and ₱19.34 million, respectively. The carrying value of CLDI's retirement benefits liability as of December 31, 2015 and 2014 amounted to ₱5.29 million and ₱4.89 million, respectively (see Note 23).

*Estimation of reserves*

Reserves are set up for all pre-need benefits guaranteed and payable by CPI as defined in the pre-need plan contracts. The determination of CPI's reserves is based on the actuarial formula, methods, and assumptions allowed by applicable SEC and IC circulars.

As of December 31, 2015, the principal assumptions used in determining the PNR was based on the IC Circular Letter No. 23-2012 dated November 28, 2012 (See Note 4). The transitory discount interest rate that shall be used in the valuation of pre-need reserves shall not exceed the lower of the attainable rates as certified by the Trustee of 5.448% and 4.84% in 2015 and 2014, respectively, and the IC rate of 8%.

The following are the assumptions used in the computation of pre-need reserves:

December 31, 2015:

a. Currently-Being-Paid Pension Plans - Actively Paying Plans

- Plans issued prior to 2006 and after - 5.448% discount rate (ROI rate) and no surrender/lapse rates were used.

b. Currently-Being-Paid Pension Plans - Lapsed Plans

- Plans issued prior to 2006 and after - reserves equal the termination values (as originally computed) at the date of lapse and no reinstatement rate was assumed.

c. Fully paid plans - Availing and Not Yet Availing

- Plans with maturity dates in years 2016 and after - 5.448% discount rate (ROI rate) and no surrender rates were assumed for fully paid plans.

December 31, 2014:

a. Currently-Being-Paid Pension Plans - Actively Paying Plans

- Plans issued prior to 2006 and after - 4.84% discount rate (ROI rate) and no surrender/lapse rates were used.

b. Currently-Being-Paid Pension Plans - Lapsed Plans

- Plans issued prior to 2006 and after - reserves equal the termination values (as originally computed) at the date of lapse and no reinstatement rate was assumed.

c. Fully paid plans - Availing and Not Yet Availing

- Plans with maturity dates in years 2015 and after - 4.84% discount rate (ROI rate) and no surrender rates were assumed for fully paid plans.



December 31, 2013:

a. Currently-Being-Paid Pension Plans - Actively Paying Plans

- Plans issued prior to 2006 and after - 5.81% discount rate (ROI rate) and no surrender/lapse rates were used.

b. Currently-Being-Paid Pension Plans - Lapsed Plans

- Plans issued prior to 2006 and after - reserves equal the termination values (as originally computed) at the date of lapse and no reinstatement rate was assumed.

c. Fully paid plans - Availing and Not Yet Availing

- Plans with maturity dates in years 2014 and after - 5.81% discount rate (ROI rate) and no surrender rates were assumed for fully paid plans.

Management believes that the amount of pre-need reserves and other reserves recorded in the books closely reflect potential plan claims as of end of reporting period. As of December 31, 2015 and 2014, pre-need reserve and other reserves amounted to ₱50.58 million and ₱55.01 million, respectively (see Note 5).

*Recognition of deferred income tax assets*

The Group reviews the carrying amounts of deferred income tax assets at the end of each reporting period and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized.

As of December 31, 2015 and 2014, deferred income tax assets amounted to ₱19.29 million and ₱17.40 million, respectively (see Note 24).

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#### 4. Cash and Cash Equivalents and Short-term Cash Investments

Cash and cash equivalents consist of:

	2015	2014
Cash on hand and in banks	<b>₱8,346,297</b>	₱21,196,834
Cash equivalents	<b>549,018,890</b>	1,159,070,564
	<b>₱557,365,187</b>	₱1,180,267,398

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are made for varying periods up to three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term investment rates.

Short-term cash investments amounting to ₱2.19 billion and ₱1.18 billion as of December 31, 2015 and 2014, respectively, have maturities of more than three months to one year from dates of acquisition and earn interest at the prevailing market rates.

Interest income earned from cash in banks, cash equivalents and short-term cash investments amounted to ₱60.28 million, ₱39.29 million and ₱75.28 million in 2015, 2014 and 2013, respectively (see Note 20).



## 5. Investments in Trust Funds and Pre-need and Other Reserves

### *Investments in trust funds*

Pursuant to the provisions of the SEC Memorandum Circular No. 6, *Guidelines on the Management of the Trust Fund of Pre-Need Corporation* (SEC Circular No. 4), the SEC requires, among others, that companies engaged in the sale of pre-need plans and similar contracts to planholders set up a trust fund to guarantee the delivery of property or performance of service in the future. Withdrawals from these trust funds are limited to, among others, payments of pension plan benefits, bank charges and investment expenses in the operation of the trust funds, termination value payable to plan holders, contributions to the trust funds of cancelled plans and final taxes on investment income of the trust funds.

In accordance with the SEC requirements, CPI has funds deposited with two local trustee banks with net assets aggregating to ₱37.33 million and ₱37.76 million as of December 31, 2015 and 2014, respectively, which are recorded under “Investments in trust funds” account in the consolidated balance sheets.

The details of investments in trust funds as of December 31 are as follows:

	2015	2014
Assets		
Cash and cash equivalents	₱6,877,875	₱4,730,869
Debt and listed equity securities	23,420,835	26,754,233
Investment properties	6,480,000	6,162,000
Others	824,186	400,895
	37,602,896	38,047,997
Liabilities	(272,411)	(292,647)
	37,330,485	37,755,350
Less noncurrent portion	30,087,353	32,660,837
	₱7,243,132	₱5,094,513

Total contributions to the trust funds amounted to ₱3.06 million, ₱2.40 million and ₱1.22 million in 2015, 2014 and 2013, respectively. Total withdrawals from the trust funds amounted to ₱3.67 million, ₱4.08 million and ₱7.78 million in 2015, 2014 and 2013, respectively.

CPI determined that certain available-for-sale equity securities are impaired because of significant decline in fair values below their costs. Impairment loss amounting to ₱0.40 million was recognized in 2015 (nil in 2014 and 2013).

The movements in reserve for fluctuation in value of available-for-sale financial assets held in trust funds follow:

	2015	2014
Balances at beginning of year	₱1,091,597	₱1,040,986
Changes in fair value during the year	(1,001,308)	50,611
Impairment loss transferred from equity to profit or loss	398,848	—
Balances at end of year	₱489,137	₱1,091,597



Details of reserves are as follows:

	2015	2014
PNR	<b>₱33,837,949</b>	₱33,939,082
Reserve for trust fund deficiency	<b>15,534,345</b>	19,756,197
Pension bonus reserve	<b>971,577</b>	1,034,940
Insurance premium reserve	<b>235,374</b>	275,360
	<b>50,579,245</b>	55,005,579
Less noncurrent portion	<b>47,845,484</b>	53,318,856
	<b>₱2,733,761</b>	₱1,686,723

Net contractual liabilities comprise the PNR and reserve for trust fund deficiency. In the opinion of management and the independent actuary, CPI's net contractual liabilities amounting to ₱49.37 million and ₱53.70 million as of December 31, 2015 and 2014, respectively, which is based on the actuarial reports, closely reflect actual potential plan claims as of those dates.

In accordance with IC Circular Letter No. 23-2012 issued on November 28, 2012, the Group computed for the transitory pre-need reserves (also referred to as "PNR") which amounted to ₱33.84 million and ₱33.94 million as of December 31, 2015 and 2014, respectively. If the resulting pre-need reserve is greater than the actual trust fund balance at the end of the year, the transitory pre-need reserves shall be computed in accordance with the schedule provided in the IC Circular Letter.

Although not required, in 2015 and 2014, the BOD has deemed it prudent and opted to set-up the difference in net contractual liabilities and transitory pre-need reserve amounting to ₱15.53 million (to be funded for the next 6 years) and ₱19.76 million (to be funded for the next 7 years) under "Other reserves" account as of December 31, 2015 and 2014, respectively.

The trust fund deficiency amounting to ₱2.59 million, ₱2.82 million and ₱2.14 million in 2015, 2014 and 2013, respectively, should be placed in the trust fund within 60 days from April 30 following the valuation date. The trust fund deficiency for the year represents the difference of pre-need reserve and trust fund investment, net of investment in trust funds allocated to pension bonus and unrealized gains.

## 6. Installment Contracts Receivable

	2015	2014
Installment contracts receivable	<b>₱1,747,559,310</b>	₱1,376,248,472
Less noncurrent portion	<b>1,029,612,014</b>	1,032,056,058
	<b>₱717,947,296</b>	₱344,192,414

Installment contracts receivable arises from sales of real estate properties and is collectible in monthly installments for periods ranging from one to 10 years which bears monthly interest rates of 0.67% to 2.00% in 2015, 2014 and 2013 computed on the diminishing balance.

Interest income earned from installment contracts receivable amounted to ₱222.81 million, ₱236.31 million and ₱289.99 million in 2015, 2014 and 2013, respectively (see Note 20).

The Group and CI entered into a contract of guaranty under Retail Guaranty Line in the amount of ₱2.00 billion in 2015 with Home Guaranty Corporation (HGC). The amount of installment



contracts receivable enrolled and renewed by the Group amounted to ₱0.92 billion and ₱1.09 billion in 2015 and 2014, respectively. The Group paid a guarantee premium of 1.00%, based on outstanding principal balance of the receivables enrolled in 2015 and 2014 (Note 17).

## 7. Other Receivables

Other receivables consist of:

	2015	2014
Advances to:		
Customers	<b>₱30,747,262</b>	₱28,595,924
Contractors	<b>2,714,475</b>	3,021,154
Rent receivable	<b>14,105,986</b>	13,221,900
Accrued interest	<b>9,033,019</b>	5,399,884
Due from related parties (Note 25)	–	3,192,155
Others	<b>3,372,838</b>	4,314,446
	<b>59,973,580</b>	57,745,463
Less noncurrent portion	<b>7,188,365</b>	4,633,133
	<b>₱52,785,215</b>	₱53,112,330

Advances to customers are receivables of the Group for the real estate property taxes of sold condominium units initially paid by the Group whereas advances to contractors are advances made by the Group for the contractors' supply requirements.

Rent receivable arose from the investment properties rented-out under non-cancellable long-term operating lease contracts (see Note 10).

Other receivables include receivables from customers relating to registration of title and other expenses initially paid by the Group on behalf of the buyers and employees' advances.

## 8. Real Estate Properties for Sale

Real estate properties for sale consists of costs incurred in the development of condominium units and residential houses. Real estate properties for sale includes deemed cost adjustment amounting to ₱45.58 million and ₱86.50 million as of December 31, 2015 and 2014, respectively (see Note 15). The deemed cost adjustment arose when the Group transitioned to PFRS in 2005.

The movement of real estate properties for sale follows:

	2015	2014
Balances at beginning of year	<b>₱1,723,182,182</b>	₱1,432,346,524
Construction/development costs incurred	<b>599,497,269</b>	701,490,489
Disposals (cost of real estate sales)	<b>(1,422,019,784)</b>	(713,944,519)
Transfer from real estate properties held for future development (Note 9)	<b>434,371,955</b>	241,594,252
Borrowing costs capitalized (Note 21)	<b>3,015,276</b>	6,069,828
Derecognition	<b>(732,500)</b>	–
Other adjustments - net	<b>41,078,828</b>	55,625,608
	<b>₱1,378,393,226</b>	₱1,723,182,182



Real estate properties for sale account includes capitalized borrowing costs incurred during each year in connection with the development of the properties. The average capitalization rate used to determine the amount of capitalized borrowing costs eligible for capitalization is 1.23%, 1.07% and 2.17% in 2015, 2014 and 2013, respectively.

Other adjustments include realized deemed cost adjustment and the effect of stating repossessed real estate properties during the year at fair value less cost to sell.

## 9. Real Estate Properties Held for Future Development

Real estate properties held for future development include land properties reserved by the Group for its future condominium projects.

Movements in real estate properties held for future development are as follows:

	2015	2014
Balance at beginning of year	<b>₱1,247,443,845</b>	₱1,096,213,374
Additions (Note 14)	<b>225,498,792</b>	392,824,723
Transfer to real estate properties for sale (Note 8)	<b>(434,371,955)</b>	(241,594,252)
Transfer to investment properties (Note 10)	<b>(216,563,060)</b>	—
Balance at end of year	<b>₱822,007,622</b>	₱1,247,443,845

In 2015, the Parent Company purchased a property amounting to ₱216.56 million and transferred such to “Investment properties” account in the same year.

In 2014, the Parent Company and CLDI acquired a parcel of land amounting to ₱158.34 million and ₱229.82 million, respectively, for future development.

## 10. Investment Properties

Investment properties represent real estate properties for lease which consist of:

	2015				
	Land	Building	Machinery and Equipment	Construction in Progress	Total
<b>Costs</b>					
Balances at beginning of year	<b>₱1,002,268,727</b>	<b>₱345,763,189</b>	<b>₱15,730,535</b>	<b>₱49,309,986</b>	<b>₱1,413,072,437</b>
Additions	<b>1,029,881</b>	<b>6,886,821</b>	—	<b>319,108,375</b>	<b>327,025,077</b>
Transfer from real estate properties held for future development (Notes 9 and 14)	<b>216,563,060</b>	—	—	—	<b>216,563,060</b>
Derecognition	—	<b>(12,759,860)</b>	—	—	<b>(12,759,860)</b>
Capitalized borrowing costs (Note 21)	—	—	—	<b>4,666,364</b>	<b>4,666,364</b>
Balances at end of year	<b>1,219,861,668</b>	<b>339,890,150</b>	<b>15,730,535</b>	<b>373,084,725</b>	<b>1,948,567,078</b>
<b>Accumulated Depreciation</b>					
Balances at beginning of year	—	<b>76,182,930</b>	<b>1,949,594</b>	—	<b>78,132,524</b>
Derecognition	—	<b>(12,759,860)</b>	—	—	<b>(12,759,860)</b>
Depreciation (Notes 17 and 19)	—	<b>18,389,768</b>	<b>2,126,829</b>	—	<b>20,516,597</b>
Balances at end of year	—	<b>81,812,838</b>	<b>4,076,423</b>	—	<b>85,889,261</b>
<b>Net Book Values</b>	<b>₱1,219,861,668</b>	<b>₱258,077,312</b>	<b>₱11,654,112</b>	<b>₱373,084,725</b>	<b>₱1,862,677,817</b>



	2015				
			Machinery and Equipment	Construction in Progress	
	Land	Building			Total
	2014				
			Machinery and Equipment	Construction in Progress	
	Land	Building			Total
Costs					
Balances at beginning of year	₱1,002,176,316	₱91,456,330	₱—	₱158,584,530	₱1,252,217,176
Additions	92,411	104,525,901	6,926,964	47,604,702	159,149,978
Capitalized borrowing costs (Note 21)	—	—	—	1,705,283	1,705,283
Transfer	—	149,780,958	8,803,571	(158,584,529)	—
Balances at end of year	1,002,268,727	345,763,189	15,730,535	49,309,986	1,413,072,437
Accumulated Depreciation					
Balances at beginning of year	—	61,485,328	—	—	61,485,328
Depreciation (Notes 17 and 19)	—	14,697,602	1,949,594	—	16,647,196
Balances at end of year	—	76,182,930	1,949,594	—	78,132,524
Net Book Values	₱1,002,268,727	₱269,580,259	13,780,941	₱49,309,986	₱1,334,939,913

In 2013, the Parent Company started construction of CityNet1 which was completed in 2014. CityNet1 was registered with the Philippine Economic Zone Authority (PEZA) on March 3, 2014 with Registration No. EZ14-04. The Parent Company leases out this property to a business process outsourcing (BPO) company which is also a PEZA-registered entity. Construction in progress as of December 31, 2015 pertains to the construction of a BPO building, Citynet Central, which commenced in 2014 and is expected to be completed within the first half of 2017.

The net book values of land and building include net deemed cost adjustment amounting to ₱219.83 million as of December 31, 2015 and 2014 (see Note 15). The deemed cost adjustment arose when the Group transitioned to PFRS in 2005.

Based on the appraisal reports by SEC accredited and independent firms of appraisers using market data and sales comparison approach at various dates in 2015 and 2014, appraised values of these investment properties amounted to ₱3.25 billion and ₱2.38 billion as of dates of appraisal in 2015 and 2014, respectively (see Note 26).

The Parent Company entered into non-cancellable operating lease contracts with various third parties. One lease contract with a fast food outlet started in November 2011 with a term of 10 years. In 2014, the Parent Company entered into lease contracts with a BPO company with a term of six years and with a convenience store with a term of five years. In 2015, the Parent Company entered into a lease contract with a domestic corporation with a term of four years and four months. The lease contracts include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions.

The future minimum lease payments for these lease agreements as of December 31 are as follows:

	2015	2014
Within one year	₱61,619,011	₱55,522,413
After one year but not more than five years	197,334,169	238,293,487
Later than five years	5,868,465	12,526,704
	<b>₱264,821,645</b>	<b>₱306,342,604</b>

Rent income from investment properties amounted to ₱83.26 million, ₱87.07 million and ₱32.44 million in 2015, 2014, and 2013, respectively.



Direct operating expenses on investment properties pertaining to depreciation, real estate taxes and other expenses amounted to ₦23.43 million, ₦28.51 million and ₦11.12 million in 2015, 2014 and 2013, respectively (see Note 17).

Other lease agreements with third parties are generally for a one year term renewable every year.

## 11. Property and Equipment

Property and equipment consists of:

2015				
	Office Premises	Furniture, Fixtures and Office Equipment	Transportation and Other Equipment	Total
<b>At Cost</b>				
Balances at beginning of year	₦—	₦34,397,387	₦5,970,856	₦40,368,243
Additions	—	303,572	—	303,572
Balances at end of year	—	34,700,959	5,970,856	40,671,815
<b>Accumulated Depreciation</b>				
Balances at beginning of year	—	29,907,282	4,841,251	34,748,533
Depreciation (Notes 17 and 19)	—	1,193,555	324,911	1,518,466
Balances at end of year	—	31,100,837	5,166,162	36,266,999
<b>Net Book Value</b>	—	3,600,122	804,694	4,404,816
<b>At Deemed Cost</b>	253,365,628	—	—	253,365,628
<b>Accumulated Depreciation</b>				
Balances at beginning of year	240,649,713	—	—	240,649,713
Depreciation (Notes 17 and 19)	3,076,651	—	—	3,076,651
Balances at end of year	243,726,364	—	—	243,726,364
<b>Net Deemed Cost</b>	9,639,264	—	—	9,639,264
<b>Total</b>	<b>₦9,639,264</b>	<b>₦3,600,122</b>	<b>₦804,694</b>	<b>₦14,044,080</b>

2014				
	Office Premises	Furniture, Fixtures and Office Equipment	Transportation and Other Equipment	Total
<b>At Cost</b>				
Balances at beginning of year	₦—	₦30,424,174	₦5,715,606	₦36,139,780
Additions	—	3,973,213	631,250	4,604,463
Disposal	—	—	(376,000)	(376,000)
Balances at end of year	—	34,397,387	5,970,856	40,368,243
<b>Accumulated Depreciation</b>				
Balances at beginning of year	—	28,998,846	4,743,036	33,741,882
Depreciation (Notes 17 and 19)	—	908,436	474,215	1,382,651
Disposal	—	—	(376,000)	(376,000)
Balances at end of year	—	29,907,282	4,841,251	34,748,533
<b>Net Book Value</b>	—	4,490,105	1,129,605	5,619,710
<b>At Deemed Cost</b>	253,365,628	—	—	253,365,628
<b>Accumulated Depreciation</b>				
Balances at beginning of year	229,096,647	—	—	229,096,647
Depreciation (Notes 17 and 19)	11,553,066	—	—	11,553,066
Balances at end of year	240,649,713	—	—	240,649,713
<b>Net Deemed Cost</b>	12,715,915	—	—	12,715,915
<b>Total</b>	<b>₦12,715,915</b>	<b>₦4,490,105</b>	<b>₦1,129,605</b>	<b>₦18,335,625</b>

For the office premises, the Group elected to apply the optional exemption under PFRS 1, *First-Time Adoption of PFRS*, to use the revalued amount as deemed cost as at January 1, 2005, the date



of transition to PFRS. As of December 31, 2015 and 2014, the balances at pre-PFRS cost of the office premises are as follows:

	2015	2014
Office premises	<b>₱55,775,746</b>	₱55,775,746
Less accumulated depreciation	<b>53,728,657</b>	53,074,862
	<b>₱2,047,089</b>	₱2,700,884

Difference between the net deemed cost and the net pre-PFRS cost amounting to ₱7.59 million and ₱10.02 million as of December 31, 2015 and 2014, respectively, represents the remaining balance of the deemed cost adjustment (see Note 15).

The cost of fully depreciated property and equipment still used in operations amounted to ₱32.45 million as of December 31, 2015 and 2014.

## 12. Other Assets

Other current assets consist of:

	2015	2014
Escrow deposit	<b>₱—</b>	₱43,801,433
Deposits and others	<b>22,204,789</b>	1,892,558
	<b>₱22,204,789</b>	₱45,693,991

In 2014, CLDI entered into an Escrow Agreement with the HLURB and a local bank as escrow bank for the temporary license to sell issued for CLDI's project, North Residences. Cash proceeds as of December 31, 2014 amounting to ₱43.80 million were deposited to the escrow bank and recognized as deposits under "Accounts payable and accrued expenses" in the 2014 consolidated balance sheet (see Note 13).

The escrow deposit was released to CLDI on January 14, 2015 upon written notice from the HLURB allowing such release in view of the CLDI's compliance with all the requirements of the HLURB for the issuance of license to sell and certificate of registration for North Residences.

Current portion of deposits and others include unused input VAT and prepaid real estate taxes.

Other noncurrent assets consist of:

	2015	2014
Unused input VAT	<b>₱83,110,276</b>	₱59,390,834
Available-for-sale financial assets	<b>1,586,150</b>	1,728,888
Deposits and others	<b>20,244,599</b>	16,187,379
	<b>₱104,941,025</b>	₱77,307,101

The unused input VAT arose from the purchase of parcels of land recorded as part of "Investment properties" and "Real estate properties held for future development" accounts in 2015 and 2014, respectively (see Notes 9 and 10).



Available-for-sale financial assets consist of investments in quoted equity securities. The fair values of available-for-sale financial assets were determined based on published prices in an active market.

The movement in “Net changes in fair values of available-for-sale financial assets” account presented in the equity section of the consolidated balance sheets is as follows:

	2015	2014
Balances at beginning of year	<b>₱1,768,846</b>	₱1,586,037
Mark-to-market gain (loss) attributable to equity holders of the Parent Company	<b>(666,306)</b>	182,809
Balances at end of year	<b>₱1,102,540</b>	₱1,768,846

Mark-to-market gain on available-for-sale financial assets pertaining to the non-controlling interests amounted to ₱0.11 million and ₱0.16 million in 2015 and 2014, respectively. In 2013, market loss on available for sale financial assets pertaining to non-controlling interest amounted to ₱0.03 million.

Dividend income from available-for-sale financial assets amounted to ₱29,133, ₱31,833 and ₱41,002 in 2015, 2014 and 2013, respectively (see Note 20).

Deposits and others represent payments made by the Group to various utility companies for the installation of electric and water meters for unsold condominium units.

### 13. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of:

	2015	2014
Trade payables	<b>₱104,641,531</b>	₱106,092,177
Customers’ deposits (Note 12)	<b>27,989,796</b>	80,442,430
Accrued expenses:		
Development costs	<b>82,306,648</b>	32,808,908
Sick leave (Note 23)	<b>18,550,395</b>	17,655,673
Director’s fee	<b>14,155,603</b>	14,497,697
Interest payable	<b>1,836,306</b>	1,559,602
Taxes, premiums, others	<b>3,768,505</b>	2,313,073
Dividends payable	<b>8,783,113</b>	8,066,939
Withholding taxes payable	<b>5,468,969</b>	6,810,303
Customers’ reservation fees	<b>3,479,054</b>	2,645,323
Deferred rent income	<b>2,226,308</b>	2,771,526
VAT payable	<b>29,611</b>	1,229,992
Others (Note 25)	<b>7,117,293</b>	5,397,785
	<b>280,353,132</b>	282,291,428
Less noncurrent portion	<b>68,500,778</b>	59,570,075
	<b>₱211,852,354</b>	₱222,721,353

Trade payables consist of payables to suppliers, contractors and other counterparties. Customers’ deposits consist of rental deposits and collected deposits for water and electric meters of the sold units. Accrued development costs represent the corresponding accrued expenses for the completed



and sold condominium units of the Group. Deferred rent income pertains to rent received from long-term operating lease. Other payables consist of payable to related parties and employees.

#### 14. Notes and Contracts Payable

The details of notes and contracts payable are as follows:

	2015	2014
Notes payable on short-term commercial papers (STCP) with varying maturities and annual interest rates ranging from 1.06% to 1.25% in 2015 and 0.69% to 1.56% in 2014	<b>₱1,135,200,000</b>	₱1,215,300,000
Contracts payable	<b>52,750,000</b>	112,500,000
	<b>₱1,187,950,000</b>	₱1,327,800,000

On various dates in 2015 and 2014, the SEC authorized the Parent Company and CLDI to issue total aggregated amount of ₱1.30 billion and ₱1.60 billion, respectively, worth of STCP registered with the SEC in accordance with the provision of the Securities Regulation Code and its implementing rules and regulations, the Code of Corporate Governance and other applicable laws and orders. Outstanding STCP issued by the Parent Company and CLDI as of December 31, 2015 and 2014 aggregated to ₱1.14 billion and ₱1.22 billion, respectively.

Interest expense related to STCP amounted to ₱13.32 million, ₱13.12 million and ₱33.26 million in 2015, 2014 and 2013, respectively (see Note 21). Capitalized borrowing costs amounted to ₱7.68 million, ₱7.78 million and ₱8.59 million in 2015, 2014 and 2013, respectively (see Notes 8, 10 and 21). Total interest paid amounted to ₱6.64 million, ₱6.83 million and ₱34.27 million in 2015, 2014 and 2013, respectively.

The Group and CI have credit lines with financial institutions aggregating to about ₱2.45 billion and ₱2.80 billion as of December 31, 2015 and 2014, respectively, which is available for drawing by any of the companies in the Group. No loans were availed from the credit line in 2015 and 2014.

The Parent Company has specific credit lines amounting to ₱500.00 million in 2015 and 2014.

The carrying values of properties that will be used as collaterals as of December 31, 2015 and 2014 follow (amounts in millions):

	2015	2014
Investment properties		
Group	<b>₱456.51</b>	₱554.34
Company	<b>291.69</b>	291.75
Real estate properties for sale		
Group	—	0.74
Company	—	0.74
Total		
Group	<b>₱456.51</b>	₱555.08
Company	<b>291.69</b>	292.49

Contract payable amounting to ₱52.75 million as of December 31, 2015 represents liability arising from a contract entered into by the Parent Company in September 2015 to purchase a land



included under investment properties (see Note 10). The said liability is noninterest-bearing and was fully settled on February 18, 2016.

Contract payable amounting to ₱112.50 million as of December 31, 2014 represents liability arising from a contract entered into by CLDI in September 2014 to purchase a land for future development (see Note 9). The said liability is noninterest-bearing and was fully settled on February 27, 2015.

## 15. Equity

- a. The Parent Company registered 10,000,000 shares with SEC on June 15, 1978 with an initial offer price of ₱10.00. On July 27, 2012, the SEC approved the Amended Articles of Incorporation on the application for increase in authorized capital stock from ₱3.00 billion to ₱4.00 billion with a par value of ₱1.00 each. As of December 31, 2015 and 2014, the Parent Company has 3,573,878,400 shares held by 686 equity holders and 691 equity holders, respectively.

The following table summarizes the reconciliation of the issued and outstanding shares of capital stock for each of the following:

	2015	2014	2013
Issued, beginning of year	3,573,878,400	3,403,786,340	3,241,793,886
Treasury stock	(4,021,067)	(4,021,067)	(3,921,874)
Outstanding	3,569,857,333	3,399,765,273	3,237,872,012
Stock dividends	–	170,092,060	161,992,454
	3,569,857,333	3,569,857,333	3,399,864,466
Treasury stock	4,021,067	4,021,067	3,921,874
Issued, ending of year	3,573,878,400	3,573,878,400	3,403,786,340

Treasury stock includes 2,083,122 shares in 2015 and 2014, held by CPI.

- b. Dividends declared and issued/paid by the Parent Company in 2015, 2014, and 2013 are as follows:

Dividends	Date Approved	Per Share	Stockholders of Record Date	Date Issued/Paid
Cash	May 28, 2015	₱0.027	June 26, 2015	July 22, 2015
	May 30, 2014	0.03	June 24, 2014	July 18, 2014
	June 4, 2013	0.03	June 19, 2013	July 15, 2013
Stock	April 21, 2014	5%	July 3, 2014	July 30, 2014
	April 25, 2013	5%	July 4, 2013	July 30, 2013

No stock dividends were declared in 2015.

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

The SEC approved the issuance of 5% stock dividends declared by the BOD in 2014 and 2013.



- c. As of December 31, 2015 and 2014, the retained earnings attributable to equity holders of the Parent Company and the non-controlling interest include the remaining balance of deemed cost adjustment which arose when the Group transitioned to PFRS in 2005.

The components of the net deemed cost adjustment - net of deferred income tax liabilities included in equity as of December 31 are as follows:

	2015	2014
Real estate properties for sale (Note 8)	<b>₱45,583,898</b>	₱86,496,515
Investment properties (Note 10)	<b>219,825,103</b>	219,825,103
Property and equipment (Note 11)	<b>7,592,168</b>	10,015,032
Deemed cost adjustment	<b>273,001,169</b>	316,336,650
Deferred income tax liability (Note 24)	<b>(81,900,353)</b>	(94,900,995)
Net deemed cost adjustment	<b>₱191,100,816</b>	₱221,435,655

The net deemed cost adjustment is allocated in the consolidated statements of changes in equity as follows:

	2015	2014
Attributable to:		
Equity holders of the Parent Company	<b>₱185,156,199</b>	₱215,491,038
Non-controlling interest	<b>5,944,617</b>	5,944,617
	<b>₱191,100,816</b>	₱221,435,655

The balance of retained earnings is restricted for the payment of dividends to the extent of the following:

	2015	2014
Undistributed earnings of subsidiaries	<b>₱909,075,494</b>	₱881,735,900
Net deemed cost adjustment in properties	<b>191,100,816</b>	221,435,655
Cost of treasury shares	<b>31,157,595</b>	31,150,762
Deferred income tax assets	<b>10,808,184</b>	10,163,969
	<b>₱1,142,142,089</b>	₱1,144,486,286

## 16. Material Partly-owned Subsidiary

Below are the summarized financial information of the subsidiaries that have non-controlling interests that are material to the Group. The amounts disclosed are based on those financial information included in the consolidated financial statements before intercompany eliminations.

Proportion of equity interest held by non-controlling interests as of December 31, 2015 and 2014:

CLDI	50.27%
CPI	9.19%

As of December 31, the summarized balance sheets of subsidiaries are as follows:

	CLDI		CPI	
	2015	2014	2015	2014
Total assets	<b>₱1,917,126,685</b>	₱2,003,111,259	<b>₱313,812,747</b>	₱319,467,651
Total liabilities	<b>145,688,460</b>	281,395,579	<b>59,026,685</b>	65,212,800
Equity	<b>1,771,438,225</b>	1,721,715,680	<b>254,786,062</b>	254,254,851
Attributable to non-controlling interests	<b>887,587,411</b>	862,591,694	<b>26,064,393</b>	25,741,435



Summarized statements of income for the years ended December 31 are as follows:

	CLDI		CPI	
	2015	2014	2015	2014
Revenue	<b>₱225,914,019</b>	₱327,250,875	<b>₱14,138,695</b>	₱17,098,279
Expenses	<b>136,008,103</b>	205,130,929	<b>11,933,771</b>	15,526,468
Provision for (benefit from)				
income tax	<b>18,980,326</b>	28,496,982	<b>(235,262)</b>	55,393
Net income	<b>70,925,590</b>	93,622,964	<b>2,440,186</b>	1,516,418
Attributable to non-controlling interests	<b>35,654,294</b>	47,064,264	<b>201,074</b>	139,359
Cash dividends paid to non-controlling interest	<b>10,228,010</b>	34,256,500	—	—

Summarized statements of comprehensive income for the years ended December 31 are as follows:

	CLDI		CPI	
	2015	2014	2015	2014
Net income	<b>₱70,925,590</b>	₱93,622,964	<b>₱2,440,186</b>	₱1,516,418
Other comprehensive loss	<b>(856,512)</b>	(2,369,156)	<b>(1,908,975)</b>	(2,854,209)
Total comprehensive income (loss)	<b>70,069,078</b>	91,253,808	<b>531,211</b>	(1,337,791)
Attributable to non-controlling interests	<b>35,223,726</b>	45,873,289	<b>146,072</b>	98,496

Summarized statements of cash flows for the years ended December 31 are as follows:

	CLDI		CPI	
	2015	2014	2015	2014
Cash flows from operating activities	<b>₱109,784,245</b>	₱206,399,777	<b>₱7,175,866</b>	₱8,513,329
Cash flows from (used in) investing activities	<b>(417,820,039)</b>	252,326,314	<b>(38,032,203)</b>	18,668,634
Cash flows used in financing activities	<b>(84,971,892)</b>	(238,044,848)	—	—

## 17. Operating Expenses

Operating expenses consist of:

	2015	2014	2013
Personnel (Note 18)	<b>₱162,173,610</b>	₱109,405,231	₱185,875,299
Professional fees	<b>41,090,490</b>	25,180,631	35,312,756
Taxes and licenses	<b>31,548,305</b>	44,393,073	47,011,916
Depreciation (Note 19)	<b>25,111,714</b>	29,582,913	16,710,266
Outside services	<b>13,350,710</b>	9,722,477	9,529,062
Light, power and water	<b>13,143,583</b>	4,618,465	4,731,784
Membership dues	<b>9,121,455</b>	6,785,832	14,030,786
Insurance (Notes 6 and 14)	<b>9,106,085</b>	16,825,534	24,868,282
Advertising and promotions	<b>7,212,462</b>	7,962,202	8,858,564
Rent expense	<b>5,132,041</b>	4,057,430	4,522,038

(Forward)



	2015	2014	2013
Repairs and maintenance	<b>₱4,819,660</b>	₱5,796,424	₱4,576,107
Brokers' commission	<b>4,785,840</b>	10,158,264	5,945,532
Postage, telephone and telegraph	<b>2,328,192</b>	1,698,060	2,420,000
Stationery and office supplies	<b>1,351,044</b>	1,602,608	2,121,291
Donations	—	—	1,862,546
Others	<b>10,276,223</b>	13,335,029	13,654,087
	<b>₱340,551,414</b>	₱291,124,173	₱382,030,316

Others include rent, transportation and miscellaneous expenses.

## 18. Personnel Expenses

Personnel expenses consist of:

	2015	2014	2013
Salaries and wages	<b>₱70,348,958</b>	₱52,780,043	₱101,779,235
Bonuses and other employee benefits	<b>58,359,689</b>	30,151,314	48,125,728
Commissions	<b>31,950,064</b>	24,594,970	33,953,151
Retirement benefits costs (Note 23)	<b>1,514,899</b>	1,878,904	2,017,185
	<b>₱162,173,610</b>	₱109,405,231	₱185,875,299

## 19. Depreciation

Depreciation consists of:

	2015	2014	2013
Investment properties (Note 10)	<b>₱20,516,597</b>	₱16,647,196	₱3,403,855
Property and equipment (Note 11)	<b>4,595,117</b>	12,935,717	13,306,411
	<b>₱25,111,714</b>	₱29,582,913	₱16,710,266

## 20. Financial Income

Financial income consists of:

	2015	2014	2013
Interest income from:			
Installment contracts receivable (Note 6)	<b>₱222,813,451</b>	₱236,313,306	₱289,986,626
Cash equivalents and short-term cash investments (Note 4)	<b>60,184,782</b>	39,226,488	75,218,273
Cash in banks (Note 4)	<b>96,935</b>	64,507	65,476
Others	<b>1,391,177</b>	2,312,321	3,787,603
Dividend income (Note 12)	<b>29,133</b>	31,833	41,002
	<b>₱284,515,478</b>	₱277,948,455	₱369,098,980



## 21. Financial Expenses

Financial expenses consist of:

	2015	2014	2013
Interest expense on:			
STCP (Note 14)	<b>₱13,320,460</b>	₱13,123,814	₱33,262,934
Capitalized borrowing costs (Notes 8, 10 and 14)	<b>(7,681,640)</b>	(7,775,111)	(8,586,194)
	<b>5,638,820</b>	5,348,703	24,676,740
Others	<b>1,280,439</b>	618,562	146,692
	<b>6,919,259</b>	5,967,265	24,823,432
Finance charges	<b>1,079,002</b>	899,225	1,254,672
	<b>₱7,998,261</b>	₱6,866,490	₱26,078,104

## 22. Other Income/Expenses

### *Other income*

Other income amounting to ₱98.00 million, ₱65.75 million and ₱149.82 million in 2015, 2014 and 2013, respectively, pertains to trust fund income, penalties for customers' late payments, sale of scraps and forfeiture of reservations/downpayments received on sales which were not consummated.

In 2013, CLDI reversed ₱119.74 million excess of estimated development cost over the actual cost of completed projects and was recognized as other income.

### *Other expenses*

Other expenses pertain to loss due to forfeiture/cancellation of sales.

## 23. Employee Benefits

### *Retirement benefits cost*

The Group, jointly with affiliated companies, has funded, noncontributory defined benefit retirement plan, administered by trustee covering all of its permanent employees. This provides for payment of benefits to covered employees upon retirement subject to certain condition which is based on a certain percentage of employee's final monthly salary and the number of years of service. The fund is administered by a third-party trustee bank under the supervision of the Retirement Committee of the plan. The Retirement Committee is responsible for investment strategy of the plan.

The details of net retirement benefits cost, which is included in "Personnel expense" account (see Note 18), are as follows:

	2015	2014	2013
Current service cost	<b>₱2,194,482</b>	₱2,204,657	₱2,638,269
Interest cost income on defined benefit obligation	<b>(679,583)</b>	(336,047)	(621,084)
Interest income on the asset ceiling adjustment beginning	—	10,294	—
Net retirement benefits cost	<b>₱1,514,899</b>	₱1,878,904	₱2,017,185



Re-measurement loss (gain) recognized in the consolidated statements of comprehensive income follows:

	2015	2014	2013
Actuarial loss (gain) on defined benefit obligation:			
Due to experience	<b>₱3,197,545</b>	₱4,466,283	(₱2,831,791)
Due to change in financial assumption	<b>(3,144,659)</b>	(628,249)	(3,702,869)
Due to change in demographic assumption	<b>166,479</b>	—	—
Loss on plan assets excluding amounts included in net interest cost	<b>4,453,571</b>	1,699,176	1,881,640
Changes in effect of asset ceiling	—	(10,526,401)	10,084,295
Re-measurement loss (gain) on defined benefit obligation	<b>₱4,672,936</b>	(₱4,989,191)	₱5,431,275

The details of the net retirement plan assets are as follows:

	2015	2014
Defined benefit obligation	<b>₱43,465,586</b>	₱41,904,437
Fair value of plan assets	<b>55,421,025</b>	56,352,541
Net retirement plan assets	<b>₱11,955,439</b>	₱14,448,104

The breakdown of net retirement plan assets as of December 31 per entity follows:

	2015	2014
Retirement plan assets:		
Parent Company	<b>₱16,746,182</b>	₱18,813,805
CPI	<b>502,148</b>	525,174
	<b>17,248,330</b>	19,338,979
Retirement benefits liability - CLDI	<b>(5,292,891)</b>	(4,890,875)
Net retirement plan assets	<b>₱11,955,439</b>	₱14,448,104

Movements in net retirement plan assets are as follows:

	2015	2014
Beginning balances	<b>₱14,448,104</b>	₱7,642,647
Retirement benefits cost	<b>(1,514,899)</b>	(1,878,904)
Re-measurement gain (loss)	<b>(4,672,936)</b>	4,989,191
Contributions	<b>3,695,170</b>	3,695,170
Ending balances	<b>₱11,955,439</b>	₱14,448,104

Changes in present value of defined benefit obligation are as follows:

	2015	2014
Defined benefit obligation, January 1	<b>₱41,904,437</b>	₱38,646,103
Current service cost	<b>2,194,482</b>	2,204,657
Interest cost on benefit obligation	<b>1,934,282</b>	1,716,453
Benefits paid	<b>(2,786,980)</b>	(4,500,810)
Actuarial losses	<b>219,365</b>	3,838,034
Defined benefit obligation, December 31	<b>₱43,465,586</b>	₱41,904,437



Changes in fair value of plan assets are as follows:

	2015	2014
Fair value of plan assets, January 1	<b>₱56,352,541</b>	₱56,373,045
Actual return (loss) including amount recognized in net interest cost	<b>(1,839,706)</b>	785,136
Contributions to the plan	<b>3,695,170</b>	3,695,170
Benefits paid	<b>(2,786,980)</b>	(4,500,810)
Fair value of plan assets, December 31	<b>₱55,421,025</b>	₱56,352,541

The major categories of plan assets of the Group with its affiliated companies as a percentage of the fair value of net plan assets are as follows:

	2015	2014
Cash and cash equivalents	<b>44.81%</b>	40.50%
Investments in equity securities	<b>6.36%</b>	9.14%
Investment properties	<b>48.70%</b>	49.63%
Receivables	<b>0.64%</b>	1.22%
Payables	<b>(0.51%)</b>	(0.49%)
	<b>100.00%</b>	100.00%

Cash and cash equivalents consist of saving deposits and short-term time deposits with maturities of less than 3 months. Investments in equity securities consist of investment in shares of stock of listed companies. Investments in equity securities have quoted market prices in an active market. Loans and receivables include loans to individuals and accrued interest income. Investment properties pertain to condominium units which will be used for lease and are stated at fair value (see Note 25).

The Group expects to contribute ₱3.70 million to the retirement fund in 2016.

The Group does not currently employ any asset-liability matching.

The latest actuarial valuation report is as of December 31, 2015. The principal assumptions used in determining retirement benefits cost for the Group's plan as of January 1 are as follows:

	2015	2014
Discount rate per annum	<b>4.50%-4.78%</b>	4.37%-4.86%
Future annual increase in salary	<b>3.00%</b>	3.00%
Number of employees	<b>195</b>	222
Mortality rate	<b>1994 GAM*</b>	1983 GAM*
Disability rate	<b>1952 Disability Study</b>	1952 Disability Study

\*Group Annuity Mortality Table

As of December 31, 2015, the discount rate is 5.20% and the future increase in salary is 3.00%.

The defined benefit obligation is subject to several key assumptions. The sensitivity analysis has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of December 31, 2015 and 2014, assuming if all other assumptions were held constant.



	Increase (decrease) in basis points (bps)	Increase (decrease) in defined benefit obligation	
		2015	2014
Discount rate	+0.50%	<b>(P2,737,610)</b>	(P2,795,929)
	-0.50%	<b>3,000,124</b>	3,078,920
Salary increase rate	+1.00%	<b>2,515,300</b>	6,317,287
	-1.00%	<b>(5,243,867)</b>	(5,045,624)

Shown below is the maturity analysis of the undiscounted expected benefit payments:

Plan year	No. of Retirees	Total Benefit
One year and less	—	P—
More than one year to five years	3	3,110,379
More than five years to 10 years	14	31,662,272
More than 10 years to 15 years	24	54,146,533
More than 15 years to 20 years	24	52,019,725
More than 20 years	130	281,894,565
	195	422,833,474

The average duration of the defined benefit obligation as of December 31, 2015 is 19.67 years.

*Accrued sick leave*

Employees are entitled to paid sick leave of 15 days per year of service after issuance of regular appointment computed at 1.25 days per month of service, enjoyable only after one (1) year of regular service. Unused sick leaves are cumulative and convertible to cash based on the employee's salary at the time that the employee is leaving the Group. Accrued sick leave, presented under "Accounts payable and accrued expenses - net of current portion" account, amounted to P18.55 million and P17.66 million as of December 31, 2015 and 2014, respectively (see Note 13).

## 24. Income Taxes

a. Provision for income tax consists of:

	2015	2014	2013
Current	<b>P250,794,430</b>	P137,403,350	P209,793,135
Deferred	<b>(2,540,241)</b>	(25,085,386)	(97,575,677)
	<b>248,254,189</b>	112,317,964	112,217,458
Final tax on interest income	<b>12,056,343</b>	7,858,199	15,056,750
	<b>P260,310,532</b>	P120,176,163	P127,274,208



- b. The components of the net deferred income tax liabilities are as follows:

	2015	2014
Deferred income taxes recognized in profit or loss:		
Deferred income tax assets on accrued expenses and others	<b>₱10,808,184</b>	₱10,326,193
Deferred income tax liabilities:		
Deemed cost adjustment in properties (Note 15)	<b>73,568,981</b>	83,063,639
Unrealized gain on real estate transactions	<b>77,850,430</b>	72,782,234
Net retirement plan assets	<b>12,065,120</b>	11,411,044
Capitalized borrowing costs	<b>5,377,530</b>	3,928,620
Unearned rent revenue	<b>4,231,796</b>	3,966,570
	<b>173,093,857</b>	175,152,107
	<b>162,285,673</b>	164,825,914
Deferred income tax asset recognized in other comprehensive income - actuarial loss on defined benefit plan	<b>(8,478,326)</b>	(7,076,445)
Deferred income tax liability recognized in retained earnings upon realization - deemed cost adjustment	<b>8,331,368</b>	11,837,352
Net deferred income tax liabilities	<b>₱162,138,715</b>	₱169,586,821

- c. The reconciliation of income tax computed at the statutory tax rate to provision for income tax follows:

	2015	2014	2013
Income tax at statutory tax rate	<b>₱310,824,290</b>	₱161,350,415	₱194,039,976
Adjustments to income tax resulting from:			
Tax-exempt interest income	<b>(29,725,171)</b>	(30,033,406)	(40,074,206)
Net income entitled to tax holiday (Note 30)	<b>(19,957,462)</b>	(13,348,506)	(36,457,556)
Interest income subjected to final tax	<b>(18,084,516)</b>	(11,787,299)	(22,585,124)
Final tax on interest income	<b>12,056,343</b>	7,858,199	15,056,750
Nondeductible interest expense	<b>4,050,341</b>	2,684,342	6,553,819
Trust fund income already subjected to final tax	<b>(143,121)</b>	(459,647)	(534,044)
Nontaxable dividend income	<b>(8,740)</b>	(9,550)	(12,301)
Others – net	<b>1,298,568</b>	3,921,615	11,286,894
Provision for income tax	<b>₱260,310,532</b>	₱120,176,163	₱127,274,208

## 25. Related Party Transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Group, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible



related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

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

The Group, in the normal course of business, has transactions and account balances with related parties consisting mainly of the following:

Nature of Transaction	Amount of Transactions			Outstanding Balances				Terms and Conditions
	2015	2014	2013	Receivable (Note 7)		Payable (Note 13)		
	2015	2014	2013	2015	2014	2015	2014	
<b>Ultimate parent (CI)</b>								
Sharing of expenses charged by the Company (b)	<b>₱400,955</b>	<b>₱1,821,302</b>	<b>₱10,555,661</b>	<b>₱-</b>	<b>₱3,192,155</b>	<b>₱1,492,560</b>	<b>₱411</b>	30-day, unsecured, non-interest bearing; to be settled in cash
<b>Subsidiaries (CLDI &amp; CPI)</b>								
Sale of real estate properties to CPI (c)	-	-	20,486,300	-	-	-	-	Received in cash
Sharing of expenses charged by (to) the Company (b)	<b>187,172</b>	<b>(388,445)</b>	<b>1,318,035</b>	-	-	-	-	30-day, unsecured, non-interest bearing; to be received or settled in cash; no impairment
<b>Retirement Plan (d)</b>								
Group/Company's shares held by retirement plan	<b>47,668,357</b>	<b>50,163,207</b>	<b>51,822,727</b>	-	-	-	-	Settled in cash; no impairment
Contribution to the plan	<b>3,695,170</b>	<b>3,695,170</b>	<b>3,309,821</b>	-	-	-	-	Settled in cash
<b>Key management personnel</b>								
Salaries and other compensation (f)	<b>21,923,723</b>	<b>18,206,578</b>	<b>24,160,992</b>	-	-	-	-	Settled in cash
Long-term employee benefits (f)	<b>776,742</b>	<b>563,000</b>	<b>762,587</b>	-	-	-	-	Settled in cash
<b>BOD</b>								
Shares of stock held by BOD (e)	<b>(3,737,771)</b>	<b>40,241,112</b>	<b>84,859,863</b>	-	-	-	-	Pertains to 858,125,881 and 861,863,592 common shares at ₱1 par value in 2015 and 2014, respectively
<b>Total</b>				<b>₱-</b>	<b>₱3,192,155</b>	<b>₱1,492,560</b>	<b>₱411</b>	

- The Group has an existing management contract with CI wherein the latter provides management services to the Group. The agreement is for a period of five years renewable automatically for another five years unless either party notifies the other party six months prior to expiration. Management fee is based on a certain percentage of net income as mutually agreed upon by both parties. Management fees for 2015, 2014 and 2013 were waived by CI. There are no conditions attached to the waiver of these management fees.
- The Group has various shared expenses with other affiliates pertaining to general and administrative expenses such as salaries, transportation, association dues, professional fees and rent.



- c. In 2013, the Parent Company sold real estate properties to CPI amounting to ₱20.49 million.
- d. The Group, jointly with affiliated companies under common control, has a trust fund for the retirement plan of their employees. The trust fund is being maintained by a third party trustee bank under the supervision of the Retirement Committee of the plan. The committee is responsible for the investment strategy of the plan. The Group's share on the fair value of plan assets amounted to ₱47.67 million and ₱50.16 million as of December 31, 2015 and 2014, respectively. The Group's share on the carrying value of plan assets is equivalent to its share on the fair value.

The major categories of plan assets are cash and cash equivalents, investments in equity securities and loans and receivables (see Note 23). Investments in equity securities of plan assets include investment in shares of the Parent Company. The third-party trustee bank exercises the voting rights over the shares. The fair value of the investment in the Parent Company amounted ₱4.76 million and ₱4.71 million as of December 31, 2015 and 2014, respectively, with original cost of ₱3.16 million. Unrealized gain on changes of fair value of these investments amounted to ₱1.61 million and ₱1.56 million as of December 31, 2015 and 2014, respectively. Loans and receivables of plan assets include installment contracts receivable purchased in prior years on a non-recourse basis from the Parent Company amounting to ₱0.49 million and ₱0.91 million as of December 31, 2015 and 2014, respectively. In 2013, the retirement plan purchased condominium units amounting to ₱36.78 million from CDC which were used for lease. The sale is conducted in the normal course of business and made on an arm's length basis which is valued and measured at current selling price and settled in cash.

Contributions to the fund amounted to ₱3.70 million in 2015 and 2014 (see Note 23).

- e. The Parent Company's shares held by members of the BOD aggregated to 858,125,881 and 861,863,592 as of December 31, 2015 and 2014, respectively. On the other hand, shares held by the ultimate parent and affiliate totaled 1,800,826,325 as of December 31, 2015 and 2014.
- f. Compensation of key management personnel are as follows:

	2015	2014	2013
Short-term benefits:			
Salaries	<b>₱6,890,719</b>	₱5,832,772	₱7,593,750
Bonuses	<b>1,806,125</b>	1,469,743	1,725,709
Other benefits	<b>13,226,879</b>	10,904,063	14,841,533
Long-term benefits	<b>776,742</b>	563,000	762,587
	<b>₱22,700,465</b>	₱18,769,578	₱24,923,579

The Group has no standard arrangements with regard to the remuneration of its directors. In 2015, 2014 and 2013, the BOD received a total of ₱20.28 million, ₱21.79 million and ₱27.75 million, respectively. Moreover, the Group has no standard arrangement with regard to the remuneration of its existing officers aside from the compensation received or any other arrangements in the employment contracts and compensatory plan. The Group does not have any arrangements for stock warrants or options offered to its employees.



- g. The following are the balances and transactions among related parties which are eliminated during consolidation:

Amounts owed by	Amounts owed to	Nature	2015	2014	
Parent Company	CLDI	Sharing of expenses	₱1,571,529	₱1,037,651	
CPI	Parent Company	Sharing of expenses	53	–	
CPI	Parent Company	Sale of real estate properties	–	810,000	
CLDI	Parent Company	Sharing of expenses	–	372,283	
CPI	CLDI	Sharing of expenses	–	23,210	
Revenue and income by	Capitalizable cost and expense by	Nature	2015	2014	2013
CLDI	Parent Company	Interest charges on advances	₱103,920	₱110,904	₱85,059
Parent Company	CLDI	Interest charges on advances	16,949	12,557	1,172
Parent Company	CPI	Sale of real estate properties	–	–	19,238,651
Dividend declared to	Dividend declared by		2015	2014	2013
Parent Company	CLDI		₱10,118,140	₱33,888,517	₱44,377,996
CPI	Parent Company		56,244	59,518	56,684

## 26. Financial Instruments

### Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and cash equivalents, short-term cash investments and notes and contracts payable. The main purpose of these financial instruments is to finance the Group's operations. The Group's other financial instruments consist of available-for-sale financial assets, which are held for investing purposes and investments in trust funds to cover pre-need reserves obligation. The Group has various other financial instruments such as installment contracts receivable, other receivables and accounts payable and accrued expenses which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are market risk (i.e., cash flow interest rate risk and equity price risk), credit risk and liquidity risk. The BOD reviews and approves policies for managing these risks and they are summarized as follows:

### Market risk

#### Cash flow interest rate risk

Cash flow interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk for changes in market interest rates relates primarily to the Group's short-term notes payable, all with repriced interest rates.

The Group's policy in addressing volatility in interest rates includes maximizing the use of operating cash flows to be able to fulfill principal and interest obligations even in periods of rising interest rates.

The following table demonstrates the sensitivity of the Group's income before income tax to a reasonably possible change in interest rates based on forecasted and average movements of interest rates (with all other variables held constant):



	Change in bps	Effect on Income before Income Tax
<b>December 31, 2015</b>	<b>-/+11 bps</b>	<b>+/-P12,663,156</b>
December 31, 2014	-/+22 bps	+/-26,831,393

There is no impact on the Group's equity other than those already affecting income before income tax.

*Equity price risk*

Equity price risk is the risk that the fair values of investments in equity securities will decrease as a result of changes in the market values of individual shares of stock. The Group is exposed to equity price risk because of investments held by the Group classified as available-for-sale financial assets included under "Other noncurrent asset account" in the consolidated balance sheets. The Group employs the service of a third-party stock broker to manage its investments in shares of stock.

The following table demonstrates the sensitivity analysis of the Group's equity to a reasonably possible change in equity price based on forecasted and average movements of equity prices (with all other variables held constant):

	Change in equity price	Effect on equity
<b>2015</b>	<b>+/-P0.14</b>	<b>+/-P211,679</b>
2014	+/-0.06	+/-103,733

*Credit risk*

Credit risk arises when the Group will incur a loss because its customers, clients or counterparties fail to discharge their obligations. The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the objective that the Group's exposure to bad debts is not significant. The Group's policy is to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk. There are no significant concentrations of credit risk within the Group.

The tables below show the Group's exposure to credit risk for the components of the consolidated balance sheets. The exposure as of December 31, 2015 and 2014 is shown at gross, before taking the effect of mitigation through the use of collateral agreements and other credit enhancements, and at net, after taking the effect of mitigation through the use of collateral agreements and other credit enhancements.

December 31, 2015:

	Gross maximum exposure	Fair value of collaterals	Net exposure	Financial effect of collateral/credit enhancements
Financial assets at fair value through profit or loss:				
Investments in trust funds	P37,330,485	P-	P37,330,485	P-
Loans and receivables:				
Cash and cash equivalents, excluding cash on hand	557,119,687	-	557,119,687	-
Short-term cash investments	2,189,900,000	-	2,189,900,000	-
Installment contracts receivable	1,747,559,310	3,483,495,975	-	1,747,559,310
Refundable deposits	18,387,106	-	18,387,106	-

(Forward)



	Gross maximum exposure	Fair value of collaterals	Net exposure	Financial effect of collateral/credit enhancements
Other receivables*:				
Advances to customers	₱30,747,262	₱—	₱30,747,262	₱—
Rent receivable	14,105,986	—	14,105,986	—
Accrued interest	9,033,019	—	9,033,019	—
Retention	1,384,420	—	1,384,420	—
Others	1,988,418	—	1,988,418	—
Available for sale financial assets	1,586,150	—	1,586,150	—
Total credit risk exposure	₱4,609,141,843	₱3,483,495,975	₱2,861,582,533	₱1,747,559,310

\*Excludes nonfinancial assets amounting to ₱2,714,475.

December 31, 2014:

	Gross maximum exposure	Fair value of collaterals	Net exposure	Financial effect of collateral/credit enhancements
Financial assets at fair value through profit or loss:				
Investments in trust funds	₱37,755,350	₱—	₱37,755,350	₱—
Loans and receivables:				
Cash and cash equivalents, excluding cash on hand	1,180,066,898	—	1,180,066,898	—
Short-term cash investments	1,184,120,555	—	1,184,120,555	—
Installment contracts receivable	1,376,248,472	3,327,026,543	—	1,376,248,472
Escrow deposit	43,801,433	—	43,801,433	—
Refundable deposits	13,408,555	—	13,408,555	—
Other receivables*:				
Advances to customers	28,595,924	—	28,595,924	—
Rent receivable	13,221,900	—	13,221,900	—
Accrued interest	5,399,884	—	5,399,884	—
Retention	1,893,296	—	1,893,296	—
Others	5,613,305	—	5,613,305	—
Available for sale financial assets	1,728,888	—	1,728,888	—
Total credit risk exposure	₱3,891,854,460	₱3,327,026,543	₱2,515,605,988	₱1,376,248,472

\*Excludes nonfinancial assets amounting to ₱3,021,154.

The following tables summarize the aging analysis of receivables:

December 31, 2015:

	Current	> One year	Past due But Not Impaired				Total
			< 30 days	31 - 60 days	61- 90 days	Over 90 days	
Installment contracts receivable	₱708,402,450	₱1,029,612,014	₱2,591,555	₱978,952	₱704,932	₱5,269,407	₱1,747,559,310
Refundable deposits	—	18,387,106	—	—	—	—	18,387,106
Other receivables*:							
Advances to customers	20,467,039	3,862,926	—	367,868	210,297	5,839,132	30,747,262
Rent receivable	14,105,986	—	—	—	—	—	14,105,986
Accrued interest	9,033,019	—	—	—	—	—	9,033,019
Retention	791,120	581,208	12,092	—	—	—	1,384,420
Others	1,728,788	29,756	229,874	—	—	—	1,988,418
	₱754,528,402	₱1,052,473,010	₱2,833,521	₱1,346,820	₱915,229	₱11,108,539	₱1,823,205,521

\*Excludes nonfinancial assets amounting to ₱2,714,475.

December 31, 2014:

	Current	> One year	Past due But Not Impaired				Total
			< 30 days	31 - 60 days	61- 90 days	Over 90 days	
Installment contracts receivable	₱325,549,288	₱1,032,056,058	₱6,856,899	₱3,549,470	₱1,369,846	₱6,866,911	₱1,376,248,472
Escrow deposit	43,801,433	—	—	—	—	—	43,801,433
Refundable deposits	—	13,408,555	—	—	—	—	13,408,555
Other receivables*:							
Advances to customers	20,348,046	—	—	697,550	175,527	7,374,801	28,595,924
Rent receivable	13,221,900	—	—	—	—	—	13,221,900
Accrued interest	5,399,884	—	—	—	—	—	5,399,884
Retention	1,739,996	151,208	2,092	—	—	—	1,893,296
Others	3,967,335	1,460,770	185,200	—	—	—	5,613,305
	₱414,027,882	₱1,047,076,591	₱7,044,191	₱4,247,020	₱1,545,373	₱14,241,712	₱1,488,182,769

\*Excludes nonfinancial assets amounting to ₱3,021,154.



The tables below show the credit quality by class of asset for loan-related balance sheet lines, based on the Group's credit rating system:

December 31, 2015:

	Neither past due nor impaired		Past Due but not Impaired	Total
	High Grade*	Medium Grade**		
Financial asset at fair value through profit or loss - investments in trust funds	<b>₱37,330,485</b>	<b>₱—</b>	<b>₱—</b>	<b>₱37,330,485</b>
Loans and receivables:				
Cash and cash equivalents, excluding cash on hand	<b>557,119,687</b>	—	—	<b>557,119,687</b>
Short-term cash investments	<b>2,189,900,000</b>	—	—	<b>2,189,900,000</b>
Installment contracts receivable	<b>1,738,014,464</b>	—	<b>9,544,846</b>	<b>1,747,559,310</b>
Refundable deposits	<b>18,387,106</b>	—	—	<b>18,387,106</b>
Other receivables***:				
Advances to customers	<b>24,329,965</b>	—	<b>6,417,297</b>	<b>30,747,262</b>
Rent receivable	<b>14,105,986</b>	—	—	<b>14,105,986</b>
Accrued interest	<b>9,033,019</b>	—	—	<b>9,033,019</b>
Retention	<b>1,372,328</b>	—	<b>12,092</b>	<b>1,384,420</b>
Others	<b>828,574</b>	<b>929,970</b>	<b>229,874</b>	<b>1,988,418</b>
Available for sale financial assets	<b>1,586,150</b>	—	—	<b>1,586,150</b>
<b>Total</b>	<b>₱4,592,007,764</b>	<b>₱929,970</b>	<b>₱16,204,109</b>	<b>₱4,609,141,843</b>

\* High Grade - financial assets with reputable counterparties and which management believes to be reasonably assured to be recoverable.

\*\* Medium Grade - financial assets for which there is low risk of default of counterparties.

\*\*\*Excluding nonfinancial assets amounting to ₱2,714,475.

December 31, 2014:

	Neither past due nor impaired		Past Due but not Impaired	Total
	High Grade*	Medium Grade**		
Financial asset at fair value through profit or loss - investments in trust funds	<b>₱37,755,350</b>	<b>₱—</b>	<b>₱—</b>	<b>₱37,755,350</b>
Loans and receivables:				
Cash and cash equivalents, excluding cash on hand	<b>1,180,066,898</b>	—	—	<b>1,180,066,898</b>
Short-term cash investments	<b>1,184,120,555</b>	—	—	<b>1,184,120,555</b>
Installment contracts receivable	<b>1,357,605,346</b>	—	<b>18,643,126</b>	<b>1,376,248,472</b>
Escrow deposit	<b>43,801,433</b>	—	—	<b>43,801,433</b>
Refundable deposits	<b>13,408,555</b>	—	—	<b>13,408,555</b>
Other receivables***:				
Advances to customers	<b>20,348,046</b>	—	<b>8,247,878</b>	<b>28,595,924</b>
Rent receivable	<b>13,221,900</b>	—	—	<b>13,221,900</b>
Accrued interest	<b>5,399,884</b>	—	—	<b>5,399,884</b>
Retention	<b>1,891,204</b>	—	<b>2,092</b>	<b>1,893,296</b>
Others	<b>2,929,278</b>	<b>2,498,827</b>	<b>185,200</b>	<b>5,613,305</b>
Available for sale financial assets	<b>1,728,888</b>	—	—	<b>1,728,888</b>
<b>Total</b>	<b>₱3,862,277,337</b>	<b>₱2,498,827</b>	<b>₱27,078,296</b>	<b>₱3,891,854,460</b>

\* High Grade - financial assets with reputable counterparties and which management believes to be reasonably assured to be recoverable.

\*\* Medium Grade - financial assets for which there is low risk of default of counterparties.

\*\*\* Excludes nonfinancial assets amounting to ₱3,021,154.

The main considerations for impairment assessment include whether any payments are overdue or if there are any known difficulties in the cash flows of the counterparties. The Group assesses impairment into two areas: individually assessed allowances and collectively assessed allowances.

The Group determines allowance for each significant receivable on an individual basis. Among the factors that the Group considers in assessing impairment is the inability to collect from the counterparty based on the contractual terms of the receivables. The Group also considers the fair



value of the real estate collateralized in computing the impairment of the receivables. Receivables included in the specific assessment are those receivables under the installment contracts receivable accounts.

For collective assessment, allowances are assessed for receivables that are not individually significant and for individually significant receivables where there is no objective evidence of individual impairment. Impairment losses are estimated by taking into consideration the age of the receivables, past collection experience and other factors that may affect collectability.

#### Liquidity risk

Liquidity risk is defined as the risk that the Group would not be able to settle or meet its obligations on time or at a reasonable price.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of STCPs.

The tables below summarize the maturity analysis of the Group's financial assets held for managing liquidity and financial liabilities based on contractual undiscounted payments:

December 31, 2015:

	30 days	31-90 days	91-180 days	181-360 days	Above 1 year	Total
<b>Financial Assets</b>						
Cash and cash equivalents	₱393,127,887	₱164,237,300	₱—	₱—	₱—	₱557,365,187
Short-term cash investments	608,500,000	1,058,000,000	523,400,000	—	—	2,189,900,000
Installment contracts receivable	39,322,483	548,500,986	64,845,049	65,278,778	1,029,612,014	1,747,559,310
Refundable deposits	—	—	—	—	18,387,106	18,387,106
Other receivables*	42,895,721	1,049,773	8,529,727	309,994	4,473,890	57,259,105
Financial assets at FVPL	—	—	—	—	37,330,485	37,330,485
Available-for-sale financial assets	—	—	—	—	1,586,150	1,586,150
	1,083,846,091	1,771,788,059	596,774,776	65,588,772	1,091,389,645	4,609,387,343
<b>Financial Liabilities</b>						
Accounts payable and accrued expenses**	82,333,735	9,280,410	82,914,287	27,762,729	68,500,778	270,791,939
Notes payable***	509,601,385	575,604,583	37,810,115	26,168,446	—	1,149,184,529
Contracts payable	—	52,750,000	—	—	—	52,750,000
	591,935,120	637,634,993	120,724,402	53,931,175	68,500,778	1,472,726,468
<b>Liquidity Position</b>	<b>₱491,910,971</b>	<b>₱1,134,153,066</b>	<b>₱476,050,374</b>	<b>₱11,657,597</b>	<b>₱1,022,888,867</b>	<b>₱3,136,660,875</b>

\*Excludes nonfinancial assets amounting to ₱2,714,475.

\*\* Excludes statutory liabilities, deferred rent income and accrued interest amounting to ₱5,498,579, ₱2,226,308, and ₱1,836,306, respectively.

\*\*\* Includes interest expense amounting to ₱13,984,529.

December 31, 2014:

	30 days	31-90 days	91-180 days	181-360 days	Above 1 year	Total
<b>Financial Assets</b>						
Cash and cash equivalents	₱705,187,954	₱475,079,444	₱—	₱—	₱—	₱1,180,267,398
Short-term cash investments	357,200,000	726,920,555	100,000,000	—	—	1,184,120,555
Installment contracts receivable	41,945,016	208,003,974	36,036,474	58,206,950	1,032,056,058	1,376,248,472
Escrow deposit	43,801,433	—	—	—	—	43,801,433
Refundable deposits	—	—	—	—	13,408,555	13,408,555
Other receivables*	33,431,398	2,373,786	3,446,911	13,860,235	1,611,979	54,724,309
Financial assets at FVPL	—	—	—	—	37,755,350	37,755,350
Available-for-sale financial assets	—	—	—	—	1,728,888	1,728,888
	1,181,565,801	1,412,377,759	139,483,385	72,067,185	1,086,560,830	3,892,054,960
<b>Financial Liabilities</b>						
Accounts payable and accrued expenses**	151,455,326	4,553,888	40,776,935	13,563,781	59,570,075	269,920,005
Notes payable***	525,860,966	611,668,378	72,820,070	17,939,712	—	1,228,289,126
Contracts payable	112,500,000	—	—	—	—	112,500,000
	789,816,292	616,222,266	113,597,005	31,503,493	59,570,075	1,610,709,131
<b>Liquidity Position</b>	<b>₱391,749,509</b>	<b>₱796,155,493</b>	<b>₱25,886,380</b>	<b>₱40,563,692</b>	<b>₱1,026,990,755</b>	<b>₱2,281,345,829</b>

\*Excludes nonfinancial assets amounting to ₱3,021,154

\*\* Excludes statutory liabilities, deferred rent income and accrued interest amounting to ₱8,040,295, ₱2,771,526, and ₱1,559,602, respectively.

\*\*\* Includes interest expense amounting to ₱12,989,126



### Fair Values

The following tables provide fair value hierarchy of the Group's financial assets, financial liabilities and investment properties, other than those with carrying amounts which are reasonable approximations of fair values:

Date of valuation: December 31, 2015

	Fair value		
	Level 1	Level 2	Level 3
<b>Assets measured at fair value</b>			
Investment in trust fund			
Financial assets at FVPL			
Debt securities	₱4,593,574	₱—	₱—
Available-for-sale financial assets			
Debt securities	18,079,464	—	—
Equity securities - listed	1,451,664	—	—
Investment properties	—	—	6,480,000
Available-for-sale financial assets	1,586,150	—	—
Repossessed inventories	—	69,251,182	—
<b>Assets for which fair values are disclosed</b>			
Investment properties	—	—	3,247,877,854

Date of valuation: December 31, 2014

	Fair value		
	Level 1	Level 2	Level 3
<b>Assets measured at fair value</b>			
Investment in trust fund			
Financial assets at FVPL			
Debt securities	₱5,032,165	₱—	₱—
Available-for-sale financial assets			
Debt securities	19,566,930	—	—
Equity securities - listed	2,155,138	—	—
Investment properties	—	—	6,162,000
Available-for-sale financial assets	1,728,888	—	—
Repossessed inventories	—	69,272,980	—
<b>Assets for which fair values are disclosed</b>			
Investment properties	—	—	2,381,192,050

The following method and assumptions were used to estimate the fair value of each class of financial instruments, repossessed real estate properties for sale and investment properties, for which it is practicable to estimate such value.

*Cash and cash equivalents, short-term cash investments, installment contracts receivable, other receivables, accounts payable and accrued expenses and notes and contracts payable*

Due to the short-term nature of the transactions, the fair values of cash and cash equivalents, short-term cash investments, other receivables, accounts payable and accrued expenses and notes and contracts payable approximate their carrying amounts. The fair value of installment contracts receivable approximate its carrying amount as it carries interest rates that approximate the interest rate for comparable instruments in the market.

*Financial assets at FVPL and available-for-sale financial assets*

Financial assets at FVPL and available-for-sale financial assets are stated at fair value based on quoted market prices.



*Repossessed real estate properties for sale*

The fair value of repossessed real estate properties for sale is based on the Group's current selling price per area/slot of the property.

*Investment properties*

The fair value of certain investment properties is determined using sales comparison. Sales comparison approach considers the sales of similar or substitute properties and other related market data had the investment properties been transacted in the market. The significant unobservable inputs used in determining the fair value are the sales price per square meter of similar or substitute property, location, size, shape of lot and the highest and best use.

Another method used in determining the fair value of other land properties is based on the market data approach. The value of land is based on sales and listings of comparable property registered within the vicinity. This requires adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator by adjusting the difference between the subject property and those actual sales and listings regarded as comparables. The comparison is premised on the factors of location; size and shape of the lot; time element and others.

The fair value of the investment properties as of December 31, 2015 and 2014 approximates and represents the highest and best use of the said properties.

## 27. Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustment to it in light of changes in economic conditions. It monitors its use of capital using leverage ratios on both gross debt and net debt basis. Debt consists of short-term and long-term debt. Net debt includes short-term and long-term debt less cash and cash equivalents and short-term cash investments. The Group considers as capital the equity holders of the parent company excluding net changes in fair values of available-for-sale financial assets and accumulated re-measurement on defined benefit plan.

As of December 31, 2015 and 2014, the Group has the following ratios:

	2015	2014
Notes and contracts payable	<b>₱1,187,950,000</b>	₱1,327,800,000
Total equity holders of the parent	<b>6,178,999,208</b>	5,535,537,321
Add (Less):		
Net changes in fair values of available-for-sale financial assets	<b>1,102,540</b>	1,768,846
Accumulated re-measurement on defined benefit plan	<b>(16,911,507)</b>	(14,011,632)
	<b>₱6,163,190,241</b>	₱5,547,780,107
Debt to equity ratio	<b>0.19:1</b>	0.24:1

(Forward)



	2015	2014
Notes and contracts payable	<b>₱1,187,950,000</b>	₱1,327,800,000
Cash and cash equivalents	<b>(557,365,187)</b>	(1,180,267,398)
Short-term cash investments	<b>(2,189,900,000)</b>	(1,184,120,555)
	<b>(1,559,315,187)</b>	(1,036,587,953)
Total equity holders of the parent	<b>6,178,999,208</b>	5,535,537,321
Add (Less):		
Net changes in fair values of available-for-sale financial assets	<b>1,102,540</b>	1,768,846
Accumulated re-measurement on defined benefit plan	<b>(16,911,507)</b>	(14,011,632)
	<b>₱6,163,190,241</b>	₱5,547,780,107
Net debt to equity ratio	<b>(0.25):1</b>	(0.19):1

As of December 31, 2015 and 2014, the Group has no externally imposed capital requirements.

In accordance with the Rule on Minimum Public Ownership issued by the Philippine Stock Exchange requiring listed companies to maintain a 10% public float at all times, the total number of shares owned by the public as of December 31, 2015 and 2014 are 895,415,795 and 886,226,327 shares which are approximately 25.07% and 24.81%, respectively, of the total number of issued and outstanding shares of the Parent Company.

## 28. Basic/Diluted Earnings Per Share

Basic/diluted earnings per share amounts were computed as follows:

	2015	2014	2013
Net income attributable to equity holders of the Parent	<b>₱739,915,065</b>	₱370,514,844	₱423,260,092
Weighted average number of outstanding shares	<b>3,571,940,453</b>	3,571,940,453	3,571,940,453
Basic/diluted earnings per share (a/b)	<b>₱0.21</b>	₱0.10	₱0.12

The Group has no potential dilutive common shares as of December 31, 2015, 2014 and 2013. Thus, the basic and diluted earnings per share are the same as of those dates.

## 29. Business Segments

The Group derives its revenues primarily from the sale and lease of real estate properties and pension plan operations. These are the operating segments classified as business groups which are consistent with the segments reported to the BOD, its Chief Operating Decision Maker (CODM).

In 2015, the Parent Company sold parcels of land located in Naic, Cavite to a domestic corporation which represents 33.01% of the Group's sales from real estate properties. In 2014, CLDI sold its property located in Quezon City to a non-stock and not-for-profit organization which represents 11.27% of the Group's sales from real estate properties. Aside from these two



transactions, the Group does not have any major customers and all sales and leases of real estate properties and sales of pension plans are made to external customers.

Segment Revenue and Expenses

	2015			Total
	Sales of Real Estate Properties	Lease of Real Estate Properties	Pension Plan Operations	
Revenue:				
Sales of real estate	₱2,371,262,489	₱—	₱—	₱2,371,262,489
Financial income	284,118,068	—	397,410	284,515,478
Rent income	3,481,183	79,776,585	—	83,257,768
Other income	97,208,258	—	796,061	98,004,319
Cost of real estate sales	1,422,019,784	—	—	1,422,019,784
Operating expenses:				
Personnel	161,154,739	—	1,018,871	162,173,610
Taxes and licenses	30,772,522	257,775	518,008	31,548,305
Professional fees	41,020,240	—	70,250	41,090,490
Depreciation	6,211,141	15,024,804	3,875,769	25,111,714
Insurance	9,105,206	—	879	9,106,085
Others	63,269,425	8,145,980	105,805	71,521,210
Financial expenses	7,989,676	—	8,585	7,998,261
Other expense	30,389,630	—	—	30,389,630
Provision for (benefit from) income tax	245,130,238	16,904,408	(1,724,114)	260,310,532
Net income	₱739,007,397	₱39,443,618	(₱2,680,582)	₱775,770,433

	2014			Total
	Sales of Real Estate Properties	Lease of Real Estate Properties	Pension Plan Operations	
Revenue:				
Sales of real estate	₱1,152,448,392	₱—	₱—	₱1,152,448,392
Financial income	277,533,302	—	415,153	277,948,455
Rent income	—	87,068,104	—	87,068,104
Other income	61,694,083	—	4,059,472	65,753,555
Cost of real estate sales	706,369,456	—	7,575,063	713,944,519
Operating expenses:				
Personnel	107,157,102	—	2,248,129	109,405,231
Taxes and licenses	38,698,714	5,694,359	—	44,393,073
Professional fees	25,180,631	—	—	25,180,631
Depreciation	12,935,717	16,647,196	—	29,582,913
Insurance	16,825,534	—	—	16,825,534
Others	59,567,064	6,169,727	—	65,736,791
Financial expenses	6,866,490	—	—	6,866,490
Other expense	33,406,929	—	41,680	33,448,609
Provision for (benefit from) income tax	104,226,330	17,567,047	(1,617,214)	120,176,163
Net income	₱380,441,810	₱40,989,775	(₱3,773,033)	₱417,658,552

	2013			Total
	Sales of Real Estate Properties	Lease of Real Estate Properties	Pension Plan Operations	
Revenue:				
Sales of real estate	₱1,168,719,804	₱—	₱—	₱1,168,719,804
Financial income	368,547,008	—	551,972	369,098,980
Rent income	—	32,440,172	—	32,440,172
Other income	146,704,027	—	3,112,252	149,816,279
Cost of real estate sales	635,522,340	—	4,547,878	640,070,218
Operating expenses:				
Personnel	183,780,132	—	2,095,167	185,875,299
Taxes and licenses	42,217,617	4,098,529	695,770	47,011,916

(Forward)



	2013			
	Sales of Real Estate Properties	Lease of Real Estate Properties	Pension Plan Operations	Total
Professional fees	₱34,967,297	₱—	₱345,459	₱35,312,756
Depreciation	13,306,411	2,245,459	1,158,396	16,710,266
Insurance	24,867,421	—	861	24,868,282
Others	57,925,730	4,776,292	9,549,775	72,251,797
Financial expenses	26,078,104	—	—	26,078,104
Other expense	25,096,676	—	—	25,096,676
Provision for income tax	120,716,152	6,395,968	162,088	127,274,208
Net income	₱519,492,959	₱14,923,924	(₱14,891,170)	₱519,525,713

### Segment Assets and Liabilities

December 31, 2015:

	Sales of Real Estate Properties	Lease of Real Estate Properties	Pension Plan Operations	Total
Total assets	₱6,843,885,206	₱1,802,797,803	₱166,962,442	₱8,813,645,451
Total liabilities	1,647,150,748	19,597,082	54,246,609	1,720,994,439
Additions to:				
Real estate properties held for future development	225,498,792	—	—	225,498,792
Investment Properties	—	327,025,077	—	327,025,077

December 31, 2014:

	Sales of Real Estate Properties	Lease of Real Estate Properties	Pension Plan Operations	Total
Total assets	₱6,789,804,652	₱1,334,939,913	₱177,634,309	₱8,302,378,874
Total liabilities	1,794,798,436	23,428,113	60,281,875	1,878,508,424
Additions to:				
Real estate properties held for future development	392,824,723	—	—	392,824,723
Investment properties	—	159,149,978	—	159,149,978

### **30. Income Subject to Income Tax Holiday**

#### Registration with the Board of Investments (BOI)

The Group is entitled to ITH for a period of three to four years from various dates indicated in the registration or actual start of commercial operations, whichever is earlier. The ITH is limited only to revenue generated from this registered project. Revenues from units with selling price exceeding ₱3.00 million shall not be covered by the ITH.

The Group has registered the following New Developer of Low-Cost Mass Housing Projects with BOI under the Omnibus Investment Code of 1987 (Executive Order No. 226):

Name	Registration No.	Date Registered
CDC		
Pines Peak Tower I	2012-092	June 1, 2012
Grand Central Residence Tower I	2010-117	June 16, 2010
Makati Executive Tower IV	2009-016	February 12, 2009
CLDI		
North Residences	2014-111	July 25, 2014



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**31. Contingencies**

The Group is contingently liable for certain lawsuits or claims filed by third parties which are either pending decisions by the courts or are under negotiation, the outcomes of which are not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements. Hence, no provision was recognized as of December 31, 2015 and 2014.

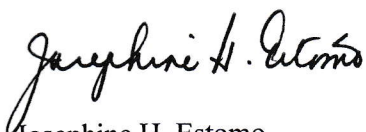


## **INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors  
Cityland Development Corporation  
2nd Floor, Cityland Condominium 10, Tower I  
156 H.V. de la Costa Street  
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Cityland Development Corporation and subsidiaries as at December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015, included in this Form 17-A, and have issued our report thereon dated March 16, 2016. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011) and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Josephine H. Estomo

Partner

CPA Certificate No. 46349

SEC Accreditation No. 0078-AR-3 (Group A),

February 14, 2013, valid until April 30, 2016

Tax Identification No. 102-086-208

BIR Accreditation No. 08-001998-18-2015,

February 27, 2015, valid until February 26, 2018

PTR No. 5321634, January 4, 2016, Makati City

March 16, 2016



**CITYLAND DEVELOPMENT CORPORATION AND SUBSIDIARIES**  
**INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY SCHEDULES**

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- Schedule I : Supplementary schedules required by Annex 68-E
- 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 I

## CITYLAND DEVELOPMENT CORPORATION AND SUBSIDIARIES SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-E

### Schedule A. Financial Assets

Name of Issuing Entity and Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Value Based on Market Quotations at Balance Sheet Date	Income Received and Accrued
<b>Cash and Cash Equivalents</b>				
Cash on hand and in banks	—	₱8,346,297	₱8,346,297	₱96,935
Cash equivalents				
United Coconut Planters Bank	—	67,500,000	67,500,000	217,813
Philippine Savings Bank	—	124,500,000	124,500,000	205,073
China Bank Savings	—	19,000,000	19,000,000	72,604
Citysavings Bank	—	73,000,000	73,000,000	93,646
Planters Development Bank	—	24,000,000	24,000,000	75,625
Sterling Bank of Asia	—	133,000,000	133,000,000	352,773
RCBC Savings Bank	—	40,000,000	40,000,000	149,931
Malayan Bank	—	16,000,000	16,000,000	19,562
Philippine Commercial Capital Inc.	—	1,018,890	1,018,890	57,215
Amalgamated Investment Bancorporation	—	38,000,000	38,000,000	99,635
United Savings Bank	—	13,000,000	13,000,000	40,069
	—	<b>₱557,365,187</b>	<b>₱557,365,187</b>	<b>₱1,480,881</b>
<b>Short-term Cash Investments</b>				
China Bank Savings	—	₱166,000,000	₱166,000,000	₱2,087
Rizal Commercial Banking Corporation	—	6,700,000	6,700,000	—
Citysavings Bank	—	312,500,000	312,500,000	10,601,977

(Forward)



Name of Issuing Entity and Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Value Based on Market Quotations at Balance Sheet Date	Income Received and Accrued
Philippine Savings Bank	—	₱188,300,000	₱188,300,000	₱4,480,740
United Savings Bank	—	199,500,000	199,500,000	928,202
Philippine Bank of Communications	—	71,500,000	71,500,000	1,726,639
Malayan Bank	—	26,000,000	26,000,000	985,107
Planters Development Bank	—	194,500,000	194,500,000	2,178,960
RCBC Savings Bank	—	393,000,000	393,000,000	8,877,142
Sterling Bank of Asia	—	25,000,000	25,000,000	3,019,911
Amalgamated Investment Bancorporation	—	22,000,000	22,000,000	1,449,656
Philippine Business Bank	—	50,000,000	50,000,000	904,375
Philippine Commercial Capital Inc.	—	47,000,000	47,000,000	900,594
Philippine National Bank	—	82,000,000	82,000,000	503,351
Security Bank Corporation	—	249,500,000	249,500,000	1,254,336
United Coconut Planters Bank	—	156,400,000	156,400,000	4,306,443
China Banking Corporation	—	—	—	9,615,021
Metrobank	—	—	—	3,264,187
Maybank	—	—	—	1,578,168
Banco De Oro	—	—	—	1,363,642
Asia United Bank	—	—	—	858,667
Union Bank	—	—	—	1,556
Philippine Veterans Bank	—	—	—	75
	—	<b>₱2,189,900,000</b>	<b>₱2,189,900,000</b>	<b>₱58,800,836</b>

(Forward)



Name of Issuing Entity and Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Value Based on Market Quotations at Balance Sheet Date	Income Received and Accrued
<b>Available-for-sale Investments</b>				
PLDT Common	113	₱232,780	₱232,780	₱-
Filinvest	1,445	2,615	2,615	-
Union Bank	684	39,022	39,022	-
Empire East	600,602	462,464	462,464	-
Ayala Corp. "B" Common	676	511,056	511,056	-
Ayala Corp. "B" Preferred	227	227	227	-
Ayala Land "B" Common	75	2,584	2,584	-
Ayala Land "B" Preferred	16,875	1,687	1,687	-
First Holdings B	5,126	333,446	333,446	-
Swift Foods	1,866	269	269	-
	<b>627,689</b>	<b>1,586,150</b>	<b>1,586,150</b>	-
<b>Investments in Trust Funds</b>	-	<b>37,330,485</b>	<b>37,330,485</b>	-
<b>Installment Contracts Receivable</b>	-	<b>1,747,559,310</b>	<b>1,747,559,310</b>	<b>222,813,451</b>
<b>Others Receivables</b>	-	<b>59,973,580</b>	<b>59,973,580</b>	-
	-	<b>₱4,593,714,712</b>	<b>₱4,593,714,712</b>	<b>₱283,095,168</b>



**Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other Than Related Parties)**

Name of Designation or Debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
Not applicable. No directors, officers, employees, and principal stockholders (other than related parties) from whom an aggregate indebtedness of more than P100,000 or one per cent of total assets, whichever is less, is owed.							

**Schedule C. Amounts Receivable from Related Parties which are Eliminated during Consolidation of Financial Statements**

Name and Designation of Debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written-off	Current	Non-current	Balance at end of period
CDC (Parent)	₱1,156,760	₱1,639,034	₱2,795,794	₱-	₱-	₱-	₱-
CLDI (subsidiary)	1,060,860	20,152,999	19,642,330	-	1,571,529	-	1,571,529
CPI (subsidiary)	25,524	53	25,524	-	53	-	53

Parent Company's transactions with CLDI and CPI are eliminated in the consolidated financial statements.

**Schedule D. Intangible Assets - Other Assets**

Description	Beginning Balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance
Not Applicable. The Group has no intangible assets.						



**Schedule E. Long-term Debt**

Title of Issue and type of Obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet
	Not applicable. The Group has no long-term debt.		

**Schedule F. Indebtedness to Related Parties**

Name of related parties	Balance at beginning of period	Balance at end of period
	Not applicable. The Group has no indebtedness to related parties.	

**Schedule G. Guarantees of Securities of Other Issuers**

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
	Not applicable. The Group has no guarantees of securities of other issuers.			

**Schedule H. Capital Stock**

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held By		
				Affiliates	Directors, Officers and Employees	Others
Common Stock – P1 par value	4,000,000,000	3,573,878,400	–	1,802,909,447	868,991,933	901,977,020



**SCHEDULE II**

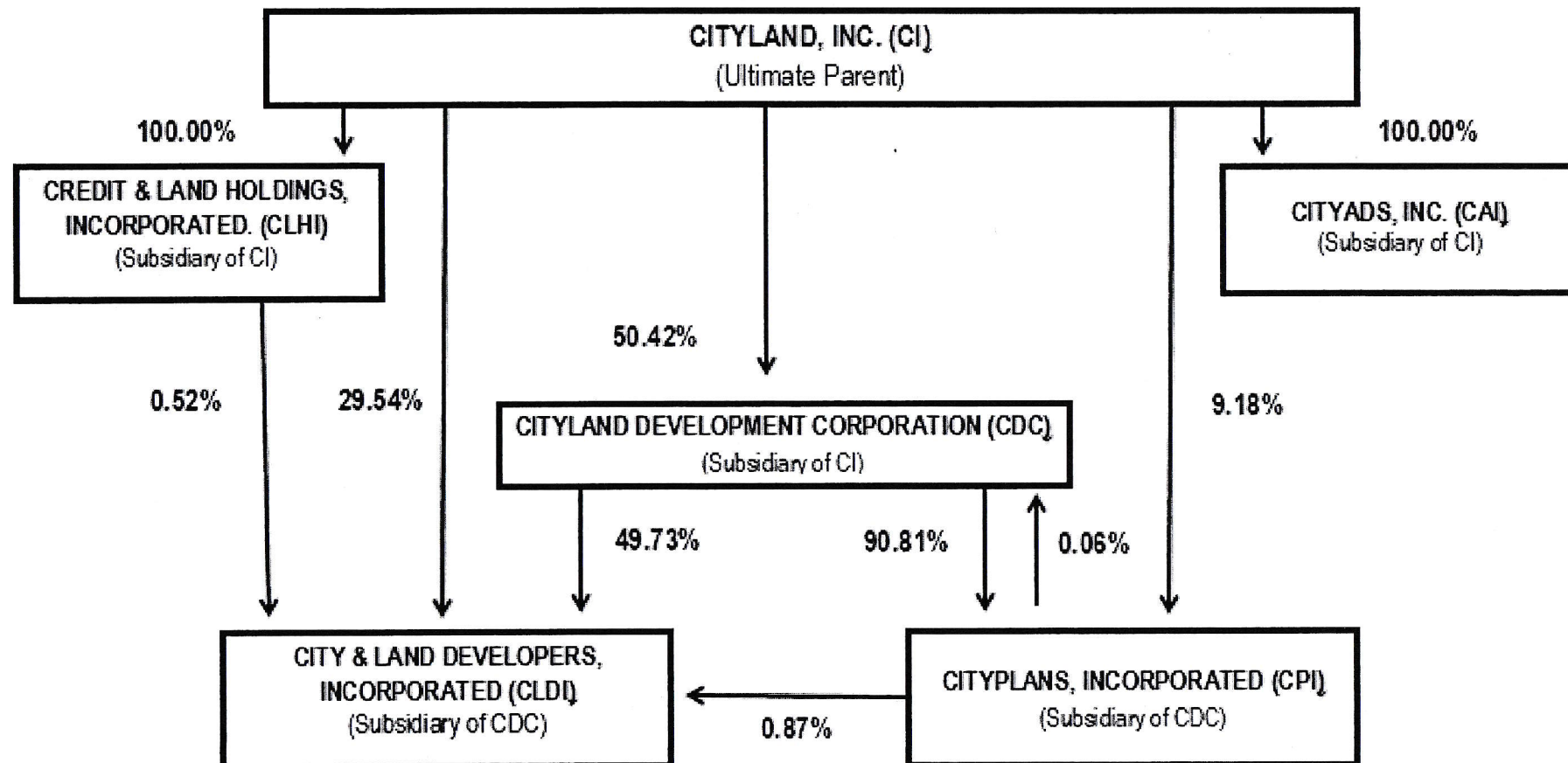
**CITYLAND DEVELOPMENT CORPORATION**  
**SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS**  
**AVAILABLE FOR DIVIDEND DECLARATION**  
**DECEMBER 31, 2015**

Unappropriated retained earnings, beginning	P1,098,631,091
Deemed cost adjustment on real estate properties, net of tax	(209,610,269)
Treasury shares	(28,524,728)
Deferred income tax assets, beginning	(7,207,562)
Unappropriated retained earnings, as adjusted to available for dividends declaration, beginning	853,288,532
Add: Net income actually earned/realized during the year	
Net income during the year closed to retained earnings	712,775,017
Realized deemed cost adjustments on real estate properties	30,334,821
Transfer of deferred tax liability on deemed cost adjustment of property and equipment absorbed through depreciation	726,861
Transfer of deferred tax liability on deemed cost adjustment of properties realized through sale	2,779,123
Movement in deferred income tax assets	(794,332)
	745,821,490
Less: Dividends declared during the year	
Cash dividends	96,442,392
	96,442,392
Unappropriated retained earnings available for dividends declaration, end	P1,502,667,630



**CITYLAND DEVELOPMENT CORPORATION**

**MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP**



## SCHEDULE IV

### CITYLAND DEVELOPMENT CORPORATION AND SUBSIDIARIES

#### SUPPLEMENTARY SCHEDULE OF ALL EFFECTIVE STANDARDS AND INTERPRETATIONS (PART 1, 4J)

List of Philippine Financial Reporting Standards (PFRSs) [which consist of PFRSs, Philippine Accounting Standards (PASs) and Philippine Interpretations] and Philippine Interpretations Committee (PIC) Q&As effective as of December 31, 2015:

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Early Adopted	Not Applicable
<b>Framework for the Preparation and Presentation of Financial Statements</b> Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
<b>PFRSs Practice Statement Management Commentary</b>				✓
<b>Philippine Financial Reporting Standards</b>				
<b>PFRS 1 (Revised)</b>	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
<b>PFRS 2</b>	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
<b>PFRS 3 (Revised)</b>	Business Combinations	✓		
<b>PFRS 4</b>	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
<b>PFRS 5</b>	Non-current Assets Held for Sale and Discontinued Operations	✓		
<b>PFRS 6</b>	Exploration for and Evaluation of Mineral Resources			✓



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Early Adopted	Not Applicable
<b>PFRS 7</b>	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		
	Amendments to PFRS 7: Hedge Accounting	✓		
<b>PFRS 8</b>	Operating Segments	✓		
<b>PFRS 9</b>	Financial Instruments		✓	
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		
	Amendments to PFRS 9: Hedge Accounting	✓		
<b>PFRS 9 (final version)</b>	Financial Instruments		✓	
<b>PFRS 10</b>	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Transition Guidance	✓		
	Amendments to PFRS 10: Investment Entities			✓
	Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture		✓	
	Amendments to PFRS 10: Investment Entities - Applying the Consolidation Exception		✓	
<b>PFRS 11 (Revised)</b>	Joint Arrangements			✓
	Amendments to PFRS 11: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
<b>PFRS 12</b>	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Transition Guidance			✓
	Amendments to PFRS 10: Investment Entities			✓
	Amendments to PFRS 12: Investment Entities - Applying the Consolidation Exception		✓	
<b>PFRS 13</b>	Fair Value Measurement	✓		



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Early Adopted	Not Applicable
<b>PFRS 14</b>	Regulatory Deferral Accounts			✓
<b>PFRS 16</b>	Leases		✓	
<b>Philippine Accounting Standards</b>				
<b>PAS 1 (Revised)</b>	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1, Disclosure Initiative		✓	
<b>PAS 2</b>	Inventories	✓		
<b>PAS 7</b>	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative		✓	
<b>PAS 8</b>	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
<b>PAS 10</b>	Events after the Reporting Period	✓		
<b>PAS 11</b>	Construction Contracts	✓		
<b>PAS 12</b>	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
	Amendments to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses		✓	
<b>PAS 16</b>	Property, Plant and Equipment	✓		
	Amendments to PAS 16: Clarification of Acceptable Methods of Depreciation		✓	
	Amendments to PAS 16: Agriculture - Bearer Plants			✓
<b>PAS 17</b>	Leases	✓		
<b>PAS 18</b>	Revenue	✓		
<b>PAS 19 (Amended)</b>	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions		✓	
<b>PAS 20</b>	Accounting for Government Grants and Disclosure of Government Assistance			✓
<b>PAS 21</b>	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
<b>PAS 23 (Revised)</b>	Borrowing Costs	✓		



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Early Adopted	Not Applicable
<b>PAS 24 (Revised)</b>	Related Party Disclosures	✓		
<b>PAS 26</b>	Accounting and Reporting by Retirement Benefit Plans			✓
<b>PAS 27 (Amended)</b>	Separate Financial Statements	✓		
	Amendments to PAS 27: Investment Entities	✓		
	Amendments to PAS 27: Equity Method in Separate Financial Statements		✓	
<b>PAS 28 (Amended)</b>	Investments in Associates and Joint Ventures	✓		
	Amendments to PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture		✓	
	Amendments to PAS 28, Investment Entities: Applying the Consolidation Exception		✓	
<b>PAS 29</b>	Financial Reporting in Hyperinflationary Economies			✓
<b>PAS 32</b>	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendment to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
<b>PAS 33</b>	Earnings per Share	✓		
<b>PAS 34</b>	Interim Financial Reporting	✓		
<b>PAS 36</b>	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets			✓
<b>PAS 37</b>	Provisions, Contingent Liabilities and Contingent Assets	✓		
<b>PAS 38</b>	Intangible Assets	✓		
	Amendments to PAS 38: Clarification of Acceptable Methods of Amortization		✓	
<b>PAS 39</b>	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of	✓		



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Early Adopted	Not Applicable
	Financial Assets - Effective Date and Transition			
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives	✓		
	Amendment to PAS 39: Eligible Hedged Items	✓		
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting	✓		
	Amendments to PAS 39: Hedge Accounting	✓		
PAS 40	Investment Property	✓		
PAS 41	Agriculture			✓
	Amendments to PAS 41: Agriculture - Bearer Plants			✓
<b>Annual Improvements to PFRSs</b>				
Improvements to PFRSs (2008)		✓		
Improvements to PFRSs (2009)		✓		
Improvements to PFRSs (2010)		✓		
Annual Improvements to PFRSs (2009-2011 Cycle)		✓		
Annual Improvements to PFRSs (2010-2012 Cycle)		✓		
Annual Improvements to PFRSs (2011-2013 Cycle)		✓		
Annual Improvements to PFRSs (2012-2014 Cycle)			✓	
<b>Philippine Interpretations</b>				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	✓		
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	✓		
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives	✓		
IFRIC 10	Interim Financial Reporting and Impairment	✓		
IFRIC 11	PFRS 2 - Group and Treasury Share Transactions	✓		
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Early Adopted	Not Applicable
<b>IFRIC 14</b>	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
	Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement			✓
<b>IFRIC 16</b>	Hedges of a Net Investment in a Foreign Operation			✓
<b>IFRIC 17</b>	Distributions of Non-cash Assets to Owners	✓		
<b>IFRIC 18</b>	Transfers of Assets from Customers	✓		
<b>IFRIC 19</b>	Extinguishing Financial Liabilities with Equity Instruments			✓
<b>IFRIC 20</b>	Stripping Costs in the Production Phase of a Surface Mine			✓
<b>IFRIC 21</b>	Levies	✓		
<b>SIC-7</b>	Introduction of the Euro			✓
<b>SIC-10</b>	Government Assistance - No Specific Relation to Operating Activities			✓
<b>SIC-15</b>	Operating Leases - Incentives	✓		
<b>SIC-25</b>	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
<b>SIC-27</b>	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
<b>SIC-29</b>	Service Concession Arrangements: Disclosures			✓
<b>SIC-31</b>	Revenue - Barter Transactions Involving Advertising Services			✓
<b>SIC-32</b>	Intangible Assets - Web Site Costs	✓		



# SCHEDULE V

## CITYLAND DEVELOPMENT CORPORATION AND SUBSIDIARIES

### SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

Ratio	December 31		
	2015	2014	2013
Current	3.43	2.85	2.48
Asset-to-equity	1.42	1.50	1.56
Debt-to-equity	0.19	0.24	0.28
Asset-to-liability	5.12	4.42	3.97
Solvency	0.47	0.24	0.26
Interest rate coverage	154.37	96.09	27.73
Acid-test ratio	2.45	1.74	1.68
Return on equity (%)	12.55%	6.69%	8.05%
Earnings per share	₱0.21	₱0.10	₱0.12

#### Manner of Calculation:

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

## SCHEDULE VI

### CITYLAND DEVELOPMENT CORPORATION SCHEDULE OF GROSS AND NET PROCEEDS OF SHORT-TERM COMMERCIAL PAPERS ISSUED

SEC-MSRD Order No. 58, Series of 2014 dated November 10, 2014

#### A. As stated in the Final Prospectus (December 2014 to November 2015)

<b>Gross Proceeds</b>		<b>Php 1,400,000,000</b>
<b>Less: Expenses</b>		
Documentary Stamps Tax	7,000,000	
Registration Fees	921,625	
Legal and Accounting Fees	30,000	
Printing Costs	30,000	
Publication Fees	29,000	
		8,010,625
<b>Net Proceeds</b>		<b>Php 1,391,989,375</b>
<b>Use of Proceeds</b>		
Project-related Costs		550,000,000
Payment of Maturing Notes		828,129,375
Interest Expense		13,860,000
<b>Total</b>		<b>Php 1,391,989,375</b>

#### B. Use of Proceeds (December 2014 to November 2015)

<b>Gross Proceeds</b>		<b>Php 1,052,900,000</b>
<b>Less: Expenses</b>		
Documentary Stamps Tax	4,877,739	
Registration Fees	921,625	
Printing Costs	59,750	
Legal and Accounting Fees	30,000	
Publication Fees	29,792	
		5,918,906
<b>Total Net Proceeds</b>		<b>Php 1,046,981,094</b>
<b>Less: Use of Proceeds</b>		
Project-related Costs	332,242,611	
Payment of Maturing Notes	706,746,323	
Interest Expense	7,992,160	
		1,046,981,094
<b>Balance of Proceeds as of December 31, 2015</b>		<b>Php --</b>

#### C. Outstanding Commercial Papers as of December 31, 2015

**Php 558,150,000**

**SEC-MSRD Order No. 76, Series of 2015 dated November 11, 2015****A. As stated in the Final Prospectus (December 2015 to November 2016)**

<b>Gross Proceeds</b>		<b>Php 1,200,000,000</b>
<b>Less: Expenses</b>		
Documentary Stamps Tax	6,000,000	
Registration Fees	871,125	
Legal and Accounting Fees	30,000	
Publication Fees	30,000	
Printing Costs	26,000	6,957,125
<b>Net Proceeds</b>		<b>Php 1,193,042,875</b>
<b>Use of Proceeds</b>		
Project-related Costs		236,000,000
Payment of Maturing Notes		942,282,875
Interest Expense		14,760,000
<b>Total</b>		<b>Php 1,193,042,875</b>

**B. Use of Proceeds (December 2015)**

<b>Gross Proceeds</b>		<b>Php 490,250,000</b>
<b>Less: Expenses</b>		
Registration Fees	871,125	
Documentary Stamps Tax	559,501	
Legal and Accounting Fees	30,000	
Publication Fees	30,000	
Printing Costs	5,800	1,496,426
<b>Net Proceeds</b>		<b>Php 488,753,574</b>
<b>Less: Use of Proceeds</b>		
Project-related Costs	11,070,647	
Payment of Maturing Notes	473,800,000	484,870,647
<b>Balance of Proceeds as of December 31, 2015</b>		<b>Php 3,882,927</b>

**C. Outstanding Commercial Papers as of December 31, 2015**

<b>Php 490,250,000</b>
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# CITYLAND DEVELOPMENT CORPORATION

I hereby certify that the following Directors and Executive Officers of Cityland Development Corporation are not elected as public servants, nor appointees, nor employees of any government agency.

Directors:


1. Washington SyCip
2. Sabino R. Padilla, Jr.
3. Andrew I. Liuson
4. Stephen C. Roxas
5. Grace C. Liuson
6. Josef C. Gohoc
7. Peter S. Dee
8. Alice C. Gohoc
9. Helen C. Roxas

Executive Officers:

1. Emma A. Choa
2. Eden F. Go
3. Rudy Go
4. Melita M. Revuelta
5. Romeo E. Ng
6. Melita L. Tan
7. Emma G. Jularbal
8. Catherine Grace T. Wong

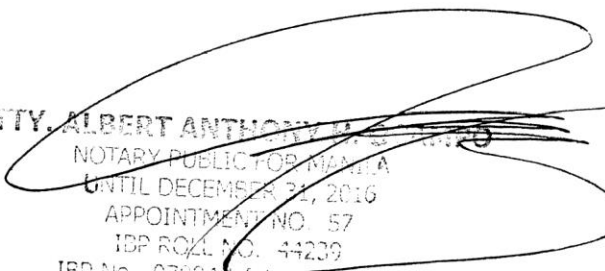
Given this 25<sup>th</sup> day of April 2016.

Certified by:

  
Atty. Emma G. Jularbal  
Corporate Secretary

SUBSCRIBED AND SWORN TO before me, a Notary Public for and in MANILA  
this APR 25 2016 affiant exhibiting to me her SSS with ID no. 03-9243383-5 and other  
competent evidence of identification.

Doc. No. 368 ;  
Page No. 75 ;  
Book No. III ;  
Series of 2016

  
ATTY. ALBERT ANTHONY M. S. SISON  
NOTARY PUBLIC FOR MANILA  
UNTIL DECEMBER 31, 2016  
APPOINTMENT NO. 57  
IDP ROLL NO. 44239  
IBP No. 07684 Liloilo Laguna  
PTR No. 4981779/1-13-2015/Manila  
517-519 Quintin Paredes St., Binondo Manila