March 17, 2016

PHILIPPINE STOCK EXCHANGE
3rd Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Ave., Makati City
Attention: Ms. Janet A. Encarnacion
Head, Disclosures Department

PHILIPPINE DEALING AND EXCHANGE CORPORATION
37th Floor, Tower 1, The Enterprise Center
6766 Ayala Ave. cor Paseo de Roxas, Makati City
Attention: Ms. Vina Vanessa S. Salonga
Head, Issuer Compliance and Disclosure Department

Subject: Vista Land & Lifescapes, Inc.: **SEC 17A – December 31, 2015**

Gentlemen:

Please see attached SEC 17A Report.

Very truly yours,

Brian N. Edang
Officer-in-Charge

COVER SHEET

C	S	2	0	0	7	0	3	1	4	5

S.E.C. Registration Number

VISTA LAND & LIFESCAPES, INC.

(Company's Full Name)

3RD LEVEL STARMALL LAS PINAS, CV STARR AVENUE, PHILAMLIFE VILLAGE, LAS PAMPLONA, LAS PINAS CITY

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

Brian N. Edang
Contact Person

226-3552 ext 0088
Company Telephone Number

12 *Month* **31** *Day*
Calendar Year

17-A
FORM TYPE

06 *Month* **15** *Day*
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended **December 31, 2015**

2. SEC Identification Number **03145**

3. BIR Tax Identification No. **006-652-678-000**

4. Exact name of issuer as specified in its charter **VISTA LAND & LIFESCAPES, INC.**

5. **Philippines**
   Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
   Industry Classification Code:

7. **3rd Level Starmall Las Piñas C.V. Starr Avenue, Philamlife Village, Pamplona, Las Piñas City** — **1740**
   Address of principal office — Postal Code

8. **(632) 806-5758**
   Issuer's telephone number, including area code

9. **Las Piñas Business Centre, National Road, Talon, Las Piñas City**
   Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares *(net of 147,867,100 treasury shares as of 31 December 2015)*	**12,507,024,653 Shares**
Amount of Debt Outstanding	**₱64.7 billion**

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

    Yes [ ]   No [**x**]

    Name of Stock Exchange: **Philippine Stock Exchange**
    Class of securities listed: **Common Stocks**

    8,538,740,614 Common shares have been listed with the Philippine Stock Exchange as of December 31, 2015.

12. Check whether the issuer:

    (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

    Yes [**x**]   No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [**x**]   No [ ]

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

₱19.7 billion as of December 31, 2015

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes [ ]   No [ ] **NOT APPLICABLE**

DOCUMENTS INCORPORATED BY REFERENCE

15. Briefly describe documents incorporated by reference and identify the part of SEC Form 17-A into which the document is incorporated:

Consolidated Financial Statements as of and for the year ended December 31, 2015 (incorporated as reference for Item 7 and 12 of SEC Form 17-A)

TABLE OF CONTENTS

PART I – BUSINESS

Item 1. Business

Overview

Vista Land & Lifescapes, Inc. (Vista Land) is one of the leading integrated property developers in the Philippines and the largest homebuilder in the country overall. The Company believes that it is one of the few leading integrated property developers in the Philippines that is focused on the mass market. The Company operates its residential property development business and commercial property development business through six distinct business units. Britanny, Crown Asia, Camella Homes, Communities Philippines and Vista Residences are focused on residential property development while Starmalls is involved in commercial property development. Briefly, these business units may be distinguished as follows:

- ***Brittany*.** Brittany caters to the high-end market segment in Mega Manila, offering luxury houses in master-planned communities, priced at ₱12.0 million and above;

- ***Crown Asia**.* Crown Asia caters to the upper mid-cost housing segment in Mega Manila, primarily offering houses priced between ₱4.0 million and ₱12.0 million;

- ***Camella Homes**.* For 40 years, Camella Homes has serviced the low-cost and affordable housingsegment (houses priced below ₱4.0 million) in the Mega Manila area. Camella Homes markets its houses primarily under the “Camella” brand. According to the PSRC “SALIGAN” Study, Camella was acknowledged as the most preferred brand overall in the Philippine housing market, with a brand awareness rate and brand preference rate of 99% and 56%, respectively;

- ***Communities Philippines**.* Communities Philippines and its subsidiaries offer residential properties outside the Mega Manila area under the “Camella” and “Crown Asia” brands. The Company believes that Communities Philippines and its subsidiaries have the widest coverage of developments in the regions outside Mega Manila of any homebuilder in the Philippines and utilizes Camella Homes’ and Crown Asia’s expertise and designs to offer houses in areas outside of the Mega Manila area that it believes are at par, in terms of quality, with the developments in the Mega Manila area;

- ***Vista Residences, Inc.*** Vista Residences offers vertical residential projects in the Mega Manila area in the low to upper mid-cost segments. Vertical home projects generally involve longer project development periods as well as some facilities, amenities and other specifications not often found in horizontal homes; and

- ***Starmalls, Inc.*** Starmalls is a major developer, owner and operator of retail malls that target mass market retail consumers in the Philippines and also develops and operates BPO commercial centers.

The Company has no sale or revenues and net income contributed by foreign sales for 2015, 2014, and 2013.

Recent Developments

On November 10, 2015, VLLI signed an agreement with the existing shareholders of Starmalls Group to acquire approximately 88.25% or 7,436.22 million shares of the outstanding capital stock of Starmalls, Inc. for a total consideration of ₱33,537.36 million. Starmalls, Inc. has subsidiaries namely Manuela Corporation and Masterpiece Asia Properties, Inc. with the following percentage of ownership:

Subsidiaries	**Starmalls Percentage of Ownership**
Masterpiece Asia Properties, Inc. (MAPI)	100.0%
Manuela Corporation (Manuela)	98.4%

In December 2015, VLLI acquired 6,692.93 million shares of Starmalls, Inc. from the Fine Group for a total consideration of ₱ 30,185.11 million (the "First Closing Date"). The second closing date which is after the tender offer period in February 10, 2016, the Parent Company acquired the remaining 743.29 million shares of Starmalls, Inc. from the Fine Group in the amount of ₱3,352.25 million.

Upon execution of the agreement, VLLI paid ₱2,681.25 million to the Fine Group (the "Initial Sale Payment") which was applied against the consideration in the First Closing Date.

As a condition to the acquisition of Starmalls Group, Fine Group agreed to invest the 97.5% of the total consideration from the disposal or ₱32,698.93 million representing 4,573.28 million shares of VLLI at ₱7.15 per share. The shares will be issued out of VLLI's increase in its authorized capital stock which was applied and approved by the SEC on November 11, 2015.

As at December 31, 2015, VLLI completed its acquisition of Starmalls' shares representing 79.43% or 6.69 billion shares. Further, VLLI has a tender offer to acquire 989.73 million more shares from minority shareholders which started on January 4, 2016 and expired on February 15, 2016. After the tender offer, 6.97 million shares tendered or 0.08% of the total shares of Starmalls, Inc.

After the aforementioned transactions, Starmalls, Masterpiece and Manuela became subsidiaries of VLLI as at December 31, 2015.

As at February 24, 2016, VLLI completed its acquisition of the shares of Starmalls, Inc. representing 88.34% or 7.44 billion shares.

On July 15, 2015, by a majority vote of the BOD and on August 28, 2015, as approved by the Stockholders, the authorized capital stock of Vista Land is Eighteen Billion Pesos (₱18,000,000,000) divided into Seventeen Billion Nine Hundred (17,900,000,000) common shares with par value of One Peso (₱1.00) per share and Ten Billion (10,000,000,000) preferred shares with par value of One Centavo (₱0.01) per share from Twelve Billion Pesos (₱12,000,000,000) divided into Eleven Billion Nine Hundred (11,900,000,000) common shares with par value of One Peso (₱1.00) per share and Ten Billion (10,000,000,000) preferred shares with par value of One Centavo (₱0.01) per share.

The amended Articles of Incorporation was duly approved by the Securities and Exchange Commission (SEC) on November 11, 2015.

On March 17, 2015, the BOD authorized the buyback of the shares of stocks of the Company over the next twenty four months and allocated up to a maximum amount of ₱1.5 billion for this purpose. The other details of the share buyback exercise, including the timing and volume of share purchases, where left to the discretion of Management, taking into account all applicable laws, regulations and contractual commitments of the Company.

On June 16, 2014, as approved by the BOD and Stockholders, the place where the principal office of the Corporation is to be established at 3rd Level Starmall Las Piñas C.V. Starr Avenue, Philamlife Village, Pamplona, Las Piñas City.

On September 30, 2013, the Company issued in favor of Fine Properties, Inc. ("Fine Properties"), Three Billion Three Hundred Million (3,300,000,000) new Preferred Shares out of the unissued portion of its authorized capital stock at the issue price of ₱0.01 per share, or an aggregate issue price of ₱33 million. The subscription price on the aforesaid Preferred Shares was fully paid by Fine Properties in cash on the same date.

On October 5, 2012, the Parent Company's Board of Directors (BOD) approved the amendment of the Articles of Incorporation decreasing the par value of the Parent Company's preferred shares from ₱0.10 per share with an aggregate par value of ₱1.00 billion to ₱0.01 per share with an aggregate par value of ₱100.00 million, and the corresponding increase in the number and amount of the Parent Company's authorized common shares from 11.00 billion common shares with aggregate par value of ₱11.00 billion to11.90 billion common shares with aggregate par value of ₱11.90 billion. Thus, as amended, the authorized capital stock of the Parent Company shall be ₱12.00 billion divided into 11.90 billion common shares with par value of ₱1.00 per share and 10 billion preferred shares with par value of ₱0.01 per share.

The BOD also approved the revision of certain features of the same preferred shares, more specifically: (i) the maximum amount of dividend that may be declared and paid on the preferred shares will be reduced from 10% per annum to 5% per annum or the 1-year PDST-R1 rate, whichever is lower; and (ii) the preferred shares shall no longer be entitled to cumulative dividends.

Development of the business of the registrant and its key operating subsidiaries or affiliates

Vista Land & Lifescapes, Inc. – Vista Land & Lifescapes, Inc. was incorporated in the Republic of the Philippines on 28 February 2007 and is the holding company of a group of six directly-owned operating subsidiaries, five of which are engaged mainly in developing residential subdivisions and constructing housing and condominium units in the Philippines. The sixth subsidiary, Starmalls, Inc., is engaged in the operation and development of commercial properties for lease.

On 29 March 2007, the Company entered into an exchange agreement with Fine, Polar Property Holdings Corp., Adelfa Properties, Inc., Althorp Holdings, Inc. and Cambridge Group, Inc. whereby those companies sold all of their shares in the Company's subsidiaries to the Company in exchange for 4,528,801,106 shares issued by the Company out of its capital stock. This resulted in the Company owning substantially all of the outstanding shares of its directly-owned subsidiaries including Brittany, Crown Asia Properties (North), Inc., Crown Asia Properties, Inc., Crown Communities Holdings, Inc., Crown Communities (Davao), Inc., Crown Communities (Iloilo), Inc., Crown Communities (Cebu), Inc. and Crown Communities (Pampanga), Inc.

On 25 April 2007, the Company entered into an agreement with Fine and Brittany whereby Fine subscribed to 3,020,149,650 shares of the Company, and Fine and Brittany transferred to the Company 3,020,149,650 common shares of Camella Homes. The Company subsequently acquired 1,858,241,046 shares of Camella Homes from shareholders other than Fine and Brittany through a tender offer whereby each share in Camella Homes was exchanged for one share in the Company. Following the share transfer from Fine and Brittany and tender offer, the Company owned 4,878,390,696 shares in Camella Homes representing 99.3% of the total outstanding capital stock of Camella Homes as of 15 June 2007.

On 24 May 2007, the PSE approved the listing by way of introduction of the entire outstanding capital stock of the Company, consisting of 6,388,042,152 common shares. The Company's common shares were listed on the Main Board of the PSE on 25 June 2007.

On 29 October 2009, the Company acquired Polar Mines Realty Ventures, Inc., and subsequently changed its name to Vista Residences, Inc., in order to strengthen Vista Land's presence in the vertical housing segment.

On 10 November 2015, the Company signed an agreement to acquire approximately 88.3% of the outstanding common capital stock of Starmalls from Fine, Althorp Holdings, Inc., Manuela Corporation, Mr. Manuel B. Villar, Jr. and Mr. Manuel Paolo A. Villar.

On 22 December 2015, the Company acquired common shares representing approximately 79.4% of total the outstanding capital stock of Starmalls, Inc. from Fine, Althorp Holdings, Inc., Manuela Corporation, Mr. Manuel B. Villar, Jr. and Mr. Manuel Paolo A. Villar. Starmalls is a major developer, owner and operator of retail malls that target mass market retail consumers in the Philippines. It also develops and operates BPO commercial centers. At the time of its acquisition, Starmalls, through its subsidiaries, owned and operated 10 retail malls in key cities and municipalities in the Philippines with an aggregate GFA of 378,385 square meters and two BPO commercial centers in Metro Manila, with a combined GFA of 131,000 square meters and leases with BPO tenants employing approximately 15,000 employees.

Brittany Corporation – Established in 1984, Brittany Corporation was initially engaged primarily in the land banking business through direct acquisitions and joint venture arrangements. Brittany's first development, the La Residencia de Bacoor, was launched in 1993. From 1995 to 2000, Brittany launched successive signature projects including Belle Reve in Laguna, Crosswinds in Tagaytay City, Promenade and Fontamara in Laguna and Island Park in Dasmarinas, Cavite. Brittany expanded its operations in the high-end market with the launch of La Posada at Brittany Bay in 2001 and Portofino

Heights in 2002. In 2004, Brittany entered the condominium market with the launch of its first residential condominium project called “Marfori Tower” located at Sucat, Muntinlupa.

Crown Asia Properties, Inc. – Crown Asia Properties, Inc. and Crown Asia Properties (North), Inc. were established to cater primarily to the upper mid-cost segment. Since 1996, Crown Asia Properties, Inc. and Crown Asia Properties (North), Inc. have launched a large proportion of their projects under the “Crown Asia” brand name. Among these developments are La Mediterranea in Dasmarinas, Cavite, Maia Alta in Antipolo City, La Brea in Fairview, Quezon City, Citta Italia in Imus, Cavite and Residenza in Bacoor, Cavite. On 13 August 2008, the SEC approved the merger between Symmetrical Ventures, Inc., Crown Asia Properties (North), Inc. and Crown Asia Properties, Inc., the latter being the surviving entity.

Camella Homes, Inc. – The operations of Camella Homes can be traced back to 1977 through its wholly owned subsidiary, Household Development Corporation (“HDC”). HDC is focused on the development of low-cost standardised housing targeted at homebuyers who rely on Government-assisted financing. At the time, HDC conducted its activities in southern and south-western Metro Manila as well as the surrounding areas, and its homes were marketed as “Camella Homes.” In 1983, Camella Homes established a wholly owned subsidiary, Palmera Houses, Inc., to focus on real estate development activities in northern and eastern Metro Manila and the surrounding areas. In 1991, Camella Homes widened the scope of its activities to include the development of larger planned communities with the commencement of the first phase of Springville City in the province of Cavite, a development which now encompasses approximately 240 hectares. In 1993, Camella Homes expanded its operations to include socialised housing developments, marketing these homes under the “Carissa” brand name. Camella Homes was listed on the PSE in 1995 as “C&P Homes.” On 30 October 2007, the SEC approved the merger between Palmera Homes, Inc., Eastridge Estates, Inc., Ridgewood Estates, Inc. and HDC, the latter being the surviving entity. All of these entities are within the group of Camella Homes.

Communities Philippines, Inc. – Communities Philippines, Inc., Communities Iloilo, Inc., Communities Davao, Inc., Communities Cebu, Inc. and Communities Pampanga, Inc. (collectively referred to as “Communities Philippines”) offer residential properties outside the Mega Manila area in the low-cost, and segments. Communities Philippines’ regional development efforts started in Cebu, Cagayan de Oro and Pangasinan. In 1996, Communities Philippines extended its nationwide presence by making its initial investment in Northern Luzon. Since then, Communities Philippines has launched a number of projects in 35 provinces, covering most of the Philippines’ main urban areas including the provinces of Pangasinan, Pampanga, Bulacan, Batangas, Iloilo, Cebu, Leyte, Misamis Oriental, Davao del Sur and General Santos.

Vista Residences, Inc. – The Company acquired 100% of the voting shares of Polar Mines Realty Ventures, Inc. from Polar Property Holdings, Corp. on 29 October 2009. On 4 December 2009, the Company’s Board of Directors approved the change of the corporate name from “Polar Mines Realty Ventures, Inc.” to “Vista Residences, Inc.” and on 29 January 2010, the SEC approved the change of name. Vista Land had only begun developing vertical homes five years before the acquisition of Polar Mines Realty Ventures, Inc., which had a particular focus on the development and sales of residential high-rise condominium projects across the Philippines. The acquisition of Polar Mines Realty Ventures, Inc. was designed to increase Vista Land’s presence in the vertical homes segment. The name change to Vista Residences, Inc. was designed to consolidate the development and sales of all of Vista Land’s vertical and high-rise condominium projects under the brand name “Vista Residences”, thus creating a uniform, clear and strong market identity for the Company’s vertical development projects.

Starmalls, Inc. – Starmalls, Inc. (formerly Polar Property Holdings, Corp.) was incorporated in 1969 to engage in mineral exploration. In 2012, the SEC approved the change in name of Polar Property Holdings Corp. to Starmalls, Inc. and the corresponding change in its primary business — to engage in the investment, real estate and leasing business. Starmalls’ two subsidiaries, Masterpiece Asia Properties, Inc. and Manuela Corporation are both engaged in the operation and development of commercial properties for lease. The Company believes that the acquisition of Starmalls will create substantial synergies with its existing residential development platform that will enhance its integrated real estate development model. On 10 November 2015, the Company signed an agreement to acquire approximately 88.3% of the outstanding common capital stock of Starmalls from Fine, Althorp Holdings, Inc., Manuela Corporation, Mr. Manuel B. Villar, Jr. and Mr. Manuel Paolo A. Villar. Pursuant to that agreement, on 22 December 2015, the Company acquired common shares representing approximately

79.4% of the total outstanding capital stock of Starmalls from Fine, Althorp Holdings, Inc., Manuela Corporation, Mr. Manuel B. Villar, Jr. and Mr. Manuel Paolo A. Villar, who are also among the principal shareholders of the Company. Starmalls is a major developer, owner and operator of retail malls that target mass market retail consumers in the Philippines. It also develops and operates BPO commercial centers.

Land acquisition

The Company sources land for its projects either through direct purchase or through joint venture arrangements with land owners. As a matter of policy, the Company conducts due diligence before acquiring any property or entering into any joint venture. The evaluation process focuses on 4 major factors: (a) legality of the documents covering the piece of property; (b) valuation of the property; (c) technical characteristics of the property; and (d) other factors impacting on the suitability and feasibility of future projects.

Before the Company acquires land or enters into joint ventures to develop land, the Company conducts extensive checks on both the owner and the land itself, with a particular focus on the veracity of the title covering the land and whether it can be traced back to the original judicial decree granting title over the land. As and when needed, the Company also engages third parties, such as surveyors and engineers, to verify that the land it seeks to acquire is covered by the technical description of the title.

Before the Company acquires land or enters into joint ventures to develop land, the Company also conducts its own valuation of the property based on, among other factors, other similar properties in the market and an assessment of the potential income derivable from any development suitable for the property.

Before directly acquiring land or entering into a joint venture arrangement with a land owner, the Company conducts engineering and environmental assessments in order to determine if the land is suitable for construction. The land must be topographically amenable to housing development.

The Company has developed specific procedures to identify land that is suitable for its needs and performs market research to determine demand for housing in the markets it wishes to enter. These factors include:

- the general economic condition of the broad environment of the property;
- suitable land must be located near areas with sufficient demand or that the anticipated demand can justify any development;
- site's accessibility from nearby roads and major thoroughfares;
- the availability of utility infrastructure, such as electric transmission facilities, telephone lines and water systems; and
- the overall competitive landscape and the neighboring environment and amenities.

The Company also considers the feasibility of obtaining required governmental licenses, permits, authorizations, and adding necessary improvements and infrastructure, including sewage, roads and electricity against a purchase price that will maximize margins within the limits of available financing.

Joint ventures

Historically, the Company has grown its land bank primarily through direct purchases. In the past, however, the Company has begun to enter into joint venture agreements with land owners. These joint venture arrangements offer certain advantages to the Company, particularly because the Company is not required to pay for the land in advance. The Company's interest in these joint ventures varies depending on the value of the land against the estimated development cost. The Company holds a majority interest under most of its existing joint venture arrangements.

Historically, the Company has not experienced any material difficulties in finding joint venture partners to supply land and currently does not expect to experience any such difficulties in the future. The Company believes that this is due to its track record of reliability and of successful projects, particularly in the suburban areas where many of the Company's projects have been located, which gives its joint venture partners confidence that their project will be handled successfully. Further, there is a prevalence of land owners in the Philippines who wish to develop their land but who may not have the resources, both financial and expertise, to do so. The Company has also entered into joint venture agreements with commercial banks, such as Banco de Oro ("BDO"), Union Bank and United Coconut Planters Bank (UCPB), to develop specific assets of the banks.

The Company's joint venture arrangements typically require the joint venture partner to contribute the land to the project, with the Company bearing all costs related to land development and the construction of subdivision facilities. The Company and its joint venture partner then agree on which of the resulting subdivided saleable lots will be allocated to the Company and which lots will be allocated to the joint venture partner, in accordance with their respective joint venture interests.

Sales and marketing costs are allocated to both the Company and the joint venture partner, with the joint venture agreement specifying a percentage of the contract price (typically 12.0% to 15.0%) for the lots allocated to the joint venture partner as the sales and marketing costs (including commissions to brokers) attributable to the sale of such lots. However, the Company is responsible for organizing and conducting actual sales and marketing activities.

The joint venture partner is also required to warrant his/her title over the land and, if necessary, to clear the land of tenants and informal occupants before the Company commences development work on the land. All costs relating to clearing the land of tenants and informal occupants are the responsibility of the joint venture partner, although the Company may provide cash advances to cover a portion of these costs, which will then be deducted from any sale proceeds attributable to the joint venture partner.

Project development

Residential Development Business

For its residential development activities, the Company begins its project development process after extensive site evaluation by the Company and certain third party contractors, acquisition of the land (either directly or through a joint venture agreement) and a final decision by the Company to develop such land.

Before the site development process can begin, the Company must obtain regulatory approvals and clearances from various government departments. These include the DENR and the DAR, as well as from the local government unit with jurisdiction over the area where the project will be located. For more information, see "Regulatory and Environmental Matters" for a discussion of government regulations with which the Company must comply in the course of developing its projects.

The Company routinely secures the required governmental approvals for its projects during the planning, construction and marketing stages of project development. The Company is not aware of any pending legislation or governmental regulation that is expected to materially affect its business. The Company believes that it has at all times obtained the required government approvals relevant for each project depending on its respective stage of development.

The site development process involves the planning of the potential project, including determination as to the suitable market segment, master planning, design of houses and landscape design. Development timetables vary from project to project, as each project differs in scale and design. Typically, site development after land acquisition takes at least one year, during which time the Company prepares both the master plan for the entire project (which can take several months and may be revised over the course of the project) and detailed plans for each project phase (which can take up to two months), obtains the necessary government approvals and permits and conducts pre-marketing activities. Once the project has received a development permit from the relevant local government unit and a permit to sell from the HLURB, pre-sales of subdivision lots can begin (often on an initial phase of the project), as well as some initial development work on the project site. Future expansion of the project will depend on the level of sales. As one phase is sold, a new phase of the project will be open for sales and this process is repeated until project completion.

The Company, as often as possible, utilises its in-house design capabilities and market research data to plan developments. Aside from determining the feasibility of a project, the objective of this study is to determine the property type for development (i.e., whether a project will be developed as a lot-only project, a house and lot project or a combination of both). The Company believes that its extensive experience and expertise in residential real estate development allows it to reduce costs, maintain competitive prices and increase sales. From time to time, the Company hires third-parties to design and plan projects. The work performed by these third-parties must comply with specifications provided by the Company and, in all cases, is subject to the Company's review. In particular, the Company hires third-parties, including international firms, to design projects which are complex and require specific technical expertise and to design specific high-end projects.

Projects within the low-cost and affordable sector typically are developed to generate a mix of lot-only and house-and-lot sales. Upper mid-cost and high-end projects normally generate a greater proportion of lot-only sales, because customers for these projects purchase the lot with a view to future development or with a preference to construct housing units of their own design and built to their specifications. The Company may also sell an initial phase of a project on a lot-only basis but later on develop additional phases with a view to generating house-and-lot sales.

For its housing units, the Company internally develops the construction designs. The Company's architects and engineers are trained to design structures to maximise efficiency and minimise production costs. The Company's current designs allow customers to upgrade finishing details on a customised basis after the housing units are delivered and future vertical expansion through the addition of a second storey. The Company will continue to invest in the development of design and planning construction to further reduce costs and continue to meet customer needs. As of 31 December 2015, the Company employed a total of 69 architects and 451 engineers, which includes 15 architects and 36 engineers from Starmalls.

Congruent with the over-all strategy of creating unique themed developments, the Company also develops and implements specific design parameters for houses to be built in its upper mid-cost and high-end subdivision projects. This helps the Company market each project based on a particular design aesthetic and its own unique characteristic and personality. The Company takes inspiration from well-established and unique architectural designs from the Mediterranean, the Swiss Alps, Italy, San Francisco, the Caribbean and the American South. In themed residential developments, the Company also requires that houses built by individual lot purchasers conform to the specific architectural theme.

The Company finances the development of projects through a combination of pre-sales and internally-generated funds, particularly for the construction of common areas and facilities during the early stages of a project. The Company also maintains some flexibility in timing the progress of its development projects to match the progress of pre-sales. Thus, the progress of a development is greatly influenced by the level of pre-sales. As one phase is sold, a new phase of the project will be opened for pre-sale and the process is repeated until project completion. From time to time, the Company sells receivables to help finance larger housing and land development projects.

Retail Mall Development and BPO Commercial Center Business

For its retail mall and BPO commercial center business, Starmalls' strategy is to maintain its early mover advantage by way of asset enhancements to its existing retail mall portfolio and expanding the number of retail malls targeting consumers within the B, Upper C, Broad C and D income segments within Metro Manila as well as in emerging urban communities in other parts of the Philippines. For example, Starmalls expanded beyond Metro Manila for the first time when it opened Starmall San Jose del Monte in the Province of Bulacan.

Starmalls' plans to continue strategically locating its new retail malls in areas in close proximity to transport hubs and other key infrastructure in growth markets such as Las Piñas City, Mandaluyong City and the province of Bulacan. For example, the Company's flagship mall in Muntinlupa City, Starmall Alabang, is directly connected to the PNR Alabang station, a major railway terminal in the South of Metro Manila. In addition, the same mall houses major bus terminals which serve as nodes for people transiting between Metro Manila and the southern provinces.

Site development and construction

Residential Development Business

For its housing development activities, site development and construction work is contracted out to various qualified and accredited independent contractors. For larger projects, such as site development work, contracts are awarded on the basis of competitive bidding. For smaller-scale projects, such as the construction of certain structures within a project or of specific housing and condominium units, the Company will directly contract specific contractors based on its previous experience with such contractor for a specific type of project. In all cases, the Company's accreditation procedure takes into consideration each contractor's experience, financial capability, resources and track record of adhering to quality, cost and time of completion commitments. The Company maintains relationships with over 317 accredited independent contractors and deals with each of them on an arm's-length basis. The Company is not and does not expect to be dependent upon one or a limited number of suppliers or contractors.

The Company does not enter into long-term arrangements with contractors. The awarded contracts typically cover the provision of contractor's services in relation to a particular project or particular housing units. To ensure compliance with Company requirements and to maintain the quality of the developments, the Company has a team of project engineers who perform the following functions:

- Directly managing site development and construction activities;
- Coordinating the activities of the Company's contractors and suppliers;
- Overseeing quality and cost controls; and
- Ensuring compliance with zoning and building codes and other regulatory requirements.

Typically, the Company enters into fixed-price contracts with its contractors, with the cost of materials included as part of the price.

Housing unit construction will typically take three to 12 months to complete depending on the size.

Most construction materials are provided by the contractors themselves in accordance with the terms of their contracts. In certain cases, the Company guarantees payment to the Company-specified suppliers for purchases by contractors of construction materials. In these cases, the Company makes direct payments to such suppliers, with the amounts paid by the Company for construction materials deducted from payments to the contractors.

Progress payments are made to contractors during the term of the contract based on the accomplishment of pre-determined project performance milestones. The Company usually retains 10.0% of each progress payment in the form of a guarantee bond or cash for up to one year from the date the contracted work is completed and accepted by the Company. The amounts retained are used to meet contingency costs, such as addressing claims from purchasers thereby limiting the financial burden on the Company.

Retail Mall Development and BPO Commercial Center Business

Site development and construction work is contracted out to various qualified and accredited independent contractors. For larger projects, such as major repair or construction work, contracts are awarded on the basis of competitive bidding. For operational repairs and maintenance projects, contractors are hired without a competitive process based on our previous experience with the contractor. In all cases, the accreditation procedure takes into consideration each contractor's experience, financial capability, resources and track record of adhering to quality, cost and time of completion commitments. Starmalls maintains relationships with over 100 accredited independent contractors and deal with each of them on an arm's length basis.

Starmalls' business and project development group is responsible for identifying sites for the construction of new retail malls, which in many cases are sites that are within the Group's properties. The business and project development group determines the viability of a potential plot of land for a new retail mall based on the demographics of the area, including the size of the population, its income levels, local government and local infrastructure and, in particular, accessibility to public transportation. Starmalls also evaluates the presence of other retail commercial developments in the area. Once a suitable site is selected, the corporate planning group determines the absorbable size of the retail mall to be constructed and the GFA, which typically ranges from 20,000 to 70,000 square meters. The group then proceeds to secure all relevant government permits for the project, as well as all architectural and engineering schematics. The securing of permits and licenses and the completion of preliminary design works typically takes about two months. The construction of each retail mall is generally awarded on the basis of competitive bidding. The bid process and the preparation of detailed drawings and costings generally takes about three months. Starmalls supervises the construction of each retail mall, which typically takes about six months to one year.

Research and Development

While the Company engages in research and development activities focusing on the types of construction materials used for its housing and condominium units, construction methodology, value-engineering for its projects and quality assurance, as well as market studies on potential new retail malls and BPO commercial centers and gathering data on target retail customer base, the expenses incurred by the Company in connection with these activities are not material. The Company's research and development activities include organising regular trips for its operations personnel, architects and engineers to various cities in America, Europe and Asia to enable them to become more attuned to high quality developments and latest trends from overseas.

Insurance

The Company has insurance coverage that is required in the Philippines for real and personal property. Subject to the customary deductibles and exclusions, the Company's insurance policies include coverage for, among other things, buildings and improvements, machinery and equipment, furniture, fixtures and fittings against damage from fire and natural perils, machinery breakdown, third-party liability to the public and construction works. For its vertical projects, the Company has also obtained insurance with various general contractors. The Company does not carry business interruption insurance.

Sales and Marketing

Residential Development Business

The Company believes it has one of the most extensive marketing networks of all Philippines housing development companies.

Local Marketing Network

The Company's local marketing and distribution network of independent contractors and agents for its housing development activities consists of approximately 2,431 teams, with a combined total of approximately 21,604 active agents. Of these marketing teams, 2,221 are accredited licensed realtors, 171 are exclusively contracted marketing teams, and 39 teams are direct marketing groups.

The Company believes that it offers its marketing teams competitive compensation terms. The Company's commission structure and incentive schemes vary relative to the network's affiliation and sales structure.

The Company's exclusively contracted marketing teams are compensated through a monthly allowance and are provided administrative support by the Company, including office space and expense allowances. Broker companies are compensated with relatively higher commissions with funding allocations for business development programmes.

International Marketing Network

The Company believes that the OF population constitutes a significant portion of the demand for its housing and land development projects. The demand comes from both the direct purchase by the OF or purchase by relatives of the OF financed by OF remittances. As such, the Company seeks to adequately service and reach the OF and international markets. For that purpose, the Company has established an extensive international marketing network.

This network consisted of 153 partners and 3,243 independent agents located in countries and regions with large OF populations, including the United States, as of 31 December 2015.

Through this network, the Company is well-represented in key cities abroad with the highest concentration of OF communities. The Company's presence is significant in countries and regions such as North America, Europe, Middle East and Asia including Japan. These international brokers are established in their respective areas and serve as the Company's marketing and promotion agents in their territories, to promote the Company and its products. In addition, some of these agents who bought houses from the Company in the past. The Company believes that its long standing relationships with these agents over the years distinguish it from its competitors.

The Company, together with these international brokers and agents, regularly sponsors roadshows and participates in international fairs and exhibits, Filipino social and professional gatherings, and other OF-related events.

Awareness efforts are primarily conducted through periodic TV advertising on Philippine primetime television and sustained TV advertising on The Filipino Channel, as well as print advertising on national and geo-based publications. As added support, the Company through a special division called Prime Properties International has set up support marketing groups focused on and dedicated to servicing the international market.

Modes of Payments

The Company's customers can generally purchase the Company's products through:

- cash purchases;
- bank financing;
- in-house (Company-provided) financing; and
- Government-assisted financing.

Under these four major modes of payments, the Company designs flexible and creative financing packages for its customers to make their acquisitions possible.

Cash-basis acquisitions are usually given special discounts. Negotiated discounts are also allowed for accelerated payment schedules and other bulk payments. This is to encourage capable buyers to pay upfront for their property acquisition.

Mortgage loans from private banks are available. These are offered to buyers who are perceived to be acceptable credit risks. To streamline the loan processing application, the Company has arrangements with several banks regarding the processing of applications with respect to the financing of unit purchases.

The Company also offers in-house financing to buyers. There are cases wherein in-house financing schemes serve as stepping stones to facilitate transactions. In these instances, the buyers use the in-house financing facility but convert to bank financing within a certain period.

There are also instances where customers of the Company obtain financing from the Government. Government-subsidized loans under the government financial institution programs still continue to be the largest source of purchaser financing for the socialized market.

In-house financing

The Company has established processes and procedures designed to screen homebuyers applying for in-house financing to ensure that they are financially capable of paying their monthly amortizations. The Company conducts strict and thorough credit checks which include but are not limited to:

- employment/career/business background checks;
- credit card verification using national credit databases; and
- conducting physical verification of claims regarding residences and properties owned by the buyer.

The Company typically finances 80% to 85.0% of the total purchase price of the property being sold. The loans are then repaid through equal monthly installments over periods ranging from five to 10 years. The interest rates charged by the Company for in-house financing typically range from 16% per annum to 19% per annum, depending on the term of the loan, with the financing agreement providing for an escalation of the interest rate in the event of a general rise in interest rates charged by the banks and other financial institutions.

Where a buyer has obtained in-house financing for a purchase, the Company will retain the title to the property until full payment of the loan. During this period, if the buyer defaults on the payment of the monthly installments due, the Company has the right to cancel the sale and retain payments already made by the buyer. The Company faces certain risks relating to the cancellation of sales involving its residential projects and if the Company were to experience a material number of sales cancellations, the Company's historical revenues would be overstated."

Mortgage loans

Mortgage loans from commercial banks are available to individuals who meet the credit risk criteria set by the relevant bank and those individuals who are able to comply with such bank’s documentary requirements and credit investigation. To assist prospective buyers obtain mortgage financing from commercial banks, the Company has arrangements with several commercial banks, such as BDO, BPI Family Bank, Planters Bank, Philippine Saving Bank, Unionbank of the Philippines, UCPB, RCBC Savings Bank, Security Bank, Bank of Commerce, Malayan Bank, China Bank Savings, China Trust Bank, and PNB. Further, the Company ensures that all of its units are properly and completely documented to adequately comply with the bank’s requirements.

In addition to taking security over the property, a bank may also seek repayment guarantees from the Home Guaranty Corporation ("HGC"). The HGC is a Government-owned and controlled corporation that operates a credit guaranty program in support of the Government's efforts to promote home ownership. It provides risk guarantees and fiscal incentives for loans and credit facilities for residential purposes provided by banks and financial institutions. In the event a buyer defaults in connection with an HGC-registered loan or credit facility, the HGC guarantees the payment to the extent of the outstanding balance, interest and yield. The interest and yield on loans and credits guaranteed by the HGC is exempt from taxation.

Customer service and warranties

The Company believes it is important to ensure that quality service is afforded to homebuyers throughout and after the relevant sales period, including during house lay-out, construction, move-in and introduction to the homeowners' association. The Company's Customer Care Department (the "CCD") has qualified staff dedicated to addressing these concerns.

Apart from the standard contractual warranties on the purchased unit, for each project the Company engages the services of a professional property management group which oversees the affairs of the homeowners' association. This helps homebuyers to achieve a smooth introduction to their new neighborhood and further enhances good customer relations. The property management group's functions include financial management, security, landscape maintenance and association social activities.

Construction stage

At this stage, the production team takes over and starts the actual construction of the unit. However, the CCD still takes active part by coordinating with the homebuyers and updating them on the developments of his housing unit. At any time of the construction, the homebuyer can opt to enroll in a CCD program where he can schedule a visit and inspection of his housing unit with the assistance of a technical staff who will be on hand to explain or answer any questions or requests.

Move-in and introduction to homeowners' association

Upon completion of the house, the CCD facilitates turn-over of the unit to the homebuyer. This includes delivery of certificates of warranty/guarantee on the housing unit and a comprehensive homeowner's kit. The Company has an established system to address homebuyer's concerns especially in the first 3 months of move-in. The Company puts great emphasis on the timing of responding to any such concerns, ensuring that repairs/rectification procedures are at par with the Company's standards. While there is a standard policy on repairs, the Company, on a case-to-case basis, extends its services beyond these procedures to better achieve total customer satisfaction.

Retail Mall Development and BPO Commercial Center Business

Leasing Policies

Retail Mall Development

Starmalls' leasing policy for tenant selection follows its target market strategy. Starmalls' mall leasing team is responsible for tenant selection. Tenants are evaluated in terms of their product offering, store concept, compliance with regulatory requirements and operational and financial capacity. All leases include arm's-length commercial terms, including those with the Company's affiliates. The high demand for tenancies within Starmalls' retail malls means that it generally has a sufficient tenant pipeline to cover any vacancies that may arise in the retail malls.

Retail leases are generally granted for a term of two years with an average escalation of 8.0%, with the exception of some of the larger tenants, which are granted initial lease terms of three to five years with an escalation of 5.0% to 7.0%, renewable upon expiry for a similar period thereafter. Sixty days' notice is required of tenants for termination of their leases. Starmalls generally requires payment of four months' rent as a security deposit and two months' advance rental prior to the commencement of a lease. Upon renewal of a lease, the rental rates are adjusted to reflect the prevailing market rent.

BPO Commercial Centers

Tenant sourcing for WCC and Polar EDSA is conducted by the BPO division, augmented by reputable brokers, such as Colliers Philippines, Jones Lang LaSalle Leechiu, and CB Richard Ellis Philippines. Before Starmalls enters into lease contracts with BPO tenants, it seeks to understand their fit-out requirements for the rental space and evaluate the economics of such requirements. Starmalls directly engages in tenant sourcing for auxiliary food and beverage and service spaces and follows the evaluation process generally applied for retail mall tenants. Tenancies are generally granted for a term of one to three years, with the exception of larger tenants operating nationally, which are granted initial lease terms of two to ten years, renewable for a five year term thereafter.

Management of the retail malls

Starmalls manages the development, leasing and marketing of its retail malls internally, rather than outsourcing these functions. The malls are managed by a mall operations team consisting of the mall manager, building administrator and tenant relations officer. Operational services, including maintenance, security and janitorial services are outsourced to reputable third-party service providers and contracts with these providers are reviewed annually.

Bankruptcy, Receivership or Similar Proceeding

None for any of the subsidiaries and affiliates above.

Material Reclassification, Merger, Consolidation or Purchase or Sale of a Significant Amount of Assets (not ordinary) over the past three years

On November 10, 2015, VLLI signed an agreement with the existing shareholders of Starmalls Group to acquire approximately 88.25% or 7,436.22 million shares of the outstanding capital stock of Starmalls, Inc. for a total consideration of ₽33,537.36 million. Starmalls, Inc. has subsidiaries namely Manuela Corporation and Masterpiece Asia Properties, Inc. with the following percentage of ownership:

Subsidiaries	Starmalls Percentage of Ownership
Masterpiece Asia Properties, Inc. (MAPI)	100.0%
Manuela Corporation (Manuela)	98.4%

In December 2015, VLLI acquired 6,692.93 million shares of Starmalls, Inc. from the Fine Group for a total consideration of ₽ 30,185.11 million (the "First Closing Date"). The second closing date which is after the tender offer period in February 10, 2016, the Parent Company acquired the remaining 743.29 million shares of Starmalls, Inc. from the Fine Group in the amount of ₽3,352.25 million.

Upon execution of the agreement, VLLI paid ₽2,681.25 million to the Fine Group (the "Initial Sale Payment") which was applied against the consideration in the First Closing Date.

As a condition to the acquisition of Starmalls Group, Fine Group agreed to invest the 97.5% of the total consideration from the disposal or ₽32,698.93 million representing 4,573.28 million shares of VLLI at ₽7.15 per share. The shares will be issued out of VLLI's increase in its authorized capital stock which was applied and approved by the SEC on November 11, 2015.

As at December 31, 2015, VLLI completed its acquisition of Starmalls' shares representing 79.43% or 6.69 billion shares. Further, VLLI has a tender offer to acquire 989.73 million more shares from minority shareholders which started on January 4, 2016 and expired on February 15, 2016. After the tender offer, 6.97 million shares tendered or 0.08% of the total shares of Starmalls, Inc.

After the aforementioned transactions, Starmalls, Masterpiece and Manuela became subsidiaries of VLLI as at December 31, 2015.

As at February 24, 2016, VLLI completed its acquisition of the shares of Starmalls, Inc. representing 88.34% or 7.44 billion shares.

Various diversification/new product lines introduced by the Company during the last three years

Vista Land is one of the largest integrated property developers in the Philippines and the leading homebuilder in the country overall. Vista Land provides a wide range of housing products to its customers across all income segments and has recently expanded into the mass market retail mall and BPO segments via the acquisition of Starmalls.

Starmalls is a major developer, owner and operator of retail malls that target mass market retail consumers in the Philippines and is an early mover in this market segment, focusing on locating in densely populated areas underserved by similar retail malls and located within close proximity to transport hubs and key infrastructure. It also develops and operates BPO commercial centers.

Competition

Residential Development Business

The residential development market in the Philippines is intensely competitive. The Company has significant competitors for its residential housing and land development business. Compared to the commercial real estate and high-rise residential building markets, which require the resources to acquire land in expensive urban areas and the experience to manage these projects successfully, real property companies can more easily develop horizontal residential housing and land development projects in certain areas. Nevertheless, the Company's strong regulatory know-how, solid execution track record and nationwide footprint are difficult to replicate and effectively serve as a strong barrier against competition on a nationwide level. Because of the availability of joint venture arrangements with landowners and the ability to finance these projects through unit pre-sales, it is relatively easy for smaller players to enter into this business. There is, therefore, competition for land that is suitable for project development. There is also competition among various developers for residential real estate brokers.

Currently, the Company's competitors in its residential development business include companies such as Filinvest Land, Inc., Extraordinary Development Corporation, Sta. Lucia Realty, Megaworld Corporation, Robinsons Land Corporation ("Robinsons"), 8990 Holdings, Inc. and others. On the basis of publicly available information and its own market knowledge, the Company believes that it is the leading integrated property developer in the Philippines that is focused on the mass market. The Company's management also believes that the Company is able to offer competitive commissions and incentives for brokers and that the Company is able to compete on the basis of the pricing of its various products, which span all income segments, as well as brand recognition.

The Company also faces strong competition in the condominium market. The Company believes that its main competitors in these markets include companies such as Ayala Land Inc., DMCI Development Homes, Inc., Megaworld Corporation, Robinsons, SM Residences Corporation and others.

Based on publicly available information, the total real estate sales/revenue for the nine months ended September 30, 2015 of the seven major listed property companies including VLL amounted to about ₱128 billion, where ALI, MEG, SMPH, FLI, HOUSE, and RLC contributed 34%, 19%, 13%, 9%, 6% and 4%, respectively. The Company contributed 14% of the total. The Company believes that this information reflects the relative size and financial strength of its competitors.

Retail Mall Development and BPO Commercial Center Business

Starmalls' retail mall business competes with other retail malls in the geographic areas in which they operate. The other major retail mall operators in the Mega Manila area are Robinsons, SM Prime and Ayala Land. These national mall operators serve principally the "A", "B" and "upper C" segments of the population. In the mass market retail segment, where Starmalls serves the "B", "Upper C", "Broad C" and "D" segments, Starmalls' competitors consist principally of smaller mall operators such as the Ever Gotesco Group and City Malls. Starmalls believes that its well positioned to face increased competition in the retail mall industry given its competitive advantages including, among other things, the location of its existing retail malls, the land bank of the Group, a successful tenant mix and selection criteria and synergies within the Group.

Based on publicly available information, the total rental income for the nine months ended September 30, 2015 of the seven major listed retail companies including STR amounted to about ₱58 billion, where SMPH, ALI, RLC, MEG, FLI, and DD contributed 53%, 17%, 12%, 11%, 3% and 1%, respectively. The Company contributed 3% of the total. The Company believes that this information reflects the relative size and financial strength of its competitors.

Supplier

The Group has a broad base of suppliers.

Customers

Vista Land has a broad market base including local and foreign individual and institutional clients. In addition, its recently-acquired Starmalls mass market retail mall and BPO platform dominantly focuses on a mass market consumer base.

Transactions with related parties

Please refer to Item 12 of this report ("Certain Relationships and Related Transactions).

Intellectual Property

The Company, through its subsidiaries, has a number of trademarks for its development projects as well as applications for the registration of various trademarks of its property developments pending with the Philippine Intellectual Property Office. These trademarks are important in the aggregate because name recognition and exclusivity of use are contributing factors to the success of the Company's and its subsidiaries property developments. In the Philippines, certificates of registration of a trademark filed with the Philippine Intellectual Property Office prior to the effective date of the Philippine Intellectual Property Code in 1998 are generally effective for a period of 20 years from the date of the certificate, while those filed after the Philippine Intellectual Property Code became effective are generally effective for a shorter period of 10 years, unless terminated earlier. The Company has also registered a number of the business names it uses for its property developments with the Department of Trade and Industry. Registering a business name with the Department of Trade and Industry precludes another entity engaged in the same or similar business from using the same business name as one that has been registered. A registration of a business name shall be effective for five years from the initial date of registration and must be renewed within the first six months following the expiration of the five-year period from the date of original registration. Pursuant to the Philippine Department of Trade and Industry Administrative Order No. 11 (Series of 2008), where the business name of a corporation appears in its articles of incorporation as the corporate name, registration is no longer necessary. A corporation may also use a business name or style different from its corporate name provided such name or style appears in its articles of incorporation.

<table>
<tr><th>Trademark</th><th>Registrant</th><th>Registration Date</th><th>Term</th><th>Principal Condition/s</th></tr>
<tr><td>VISTA LAND</td><td>Vista Land & Lifescapes, Inc.</td><td>09 June 2008</td><td>10 Years</td><td rowspan="7">(1) Renewable upon payment of the prescribed fee and filing of request

(2) Registrant must file a declaration of actual use within 3 years from the filing of the Application and pay the required fee

(3) Registrant must again file a declaration of actual use or non-use together with the evidence of use or reasons for non-use within 1 year from the 5th Anniversary of the date of registration/renewal and pay the required fee</td></tr>
<tr><td>CROWN ASIA YOUR HOME OF CHOICE</td><td>Crown Asia Properties, Inc.</td><td>04 February 2008</td><td>10 Years</td></tr>
<tr><td>CAMELLA HOMES & COMMUNITIES</td><td>Camella Homes, Inc.</td><td>04 February 2008</td><td>10 Years</td></tr>
<tr><td>BRITTANY</td><td>Brittany Corporation</td><td>11 February 2008</td><td>10 Years</td></tr>
<tr><td>COMMUNITIES PHILIPPINES</td><td>Camella Homes, Inc.</td><td>03 March 2008</td><td>10 Years</td></tr>
<tr><td>VISTALAND HOMEBUILDER BOND</td><td>Vista Land & Lifescapes, Inc.</td><td>28 August 2014</td><td>10 Years</td></tr>
<tr><td>STARMALLS, INC.</td><td>Starmalls, Inc.</td><td>14 February 2013</td><td>10 Years</td></tr>
<tr><td>STARMALL</td><td>Manuela Corporation</td><td>16 August 2012</td><td>10 Years</td><td></td></tr>
<tr><td>VISTA RESIDENCES</td><td>Vista Residences, Inc.</td><td colspan="2">Pending Registration Application Date: 13 January 2012</td><td>(1) Registrant must file a declaration of actual use within 3 years from the</td></tr>
</table>

		(Still pending registration but already allowed for registration; for publication)	filing of the Application and pay the required fee
STARMALL PRIMA	Starmalls, Inc.	Registered as of 10 September 2015 (subject to same conditions for registered marks)	
STARMALL (Revised design)	Starmalls, Inc.	Registered as of 28 May 2015 (subject to same conditions for registered marks)	

Trademarks are considered as one of the most effective marketing tool of a Company, because trademarks can easily be identified and remembered. As such, they are considered as brand or service identifiers. While Philippine law does not require the registration of trademark used or to be used by companies, nor is it required for business operations, the registration of company trademarks is necessary in order for the company to have the exclusive right to use the same in connection with the services it provides.

Except for the Bureau of Trademarks of the Office of the Intellectual Property of the Philippines, no other government approvals are required and necessary to secure these rights.

Government approvals/regulations

The Company secures various government approvals such as license to sell, development permits, environmental compliance certificate, etc. as part of the normal course of its business

The Company has no principal products that has pending government approval as of December 31, 2015.

As of December 31, 2015 the Company is not aware of any existing or probable governmental regulations that will have an effect on the Company's business operations.

In terms of amount spent for development activities (representing our capital expenditures) as a percentage of revenue from real estate sales 86% in 2013, 95% in 2014 and 130% in 2015.

The Company typically spends about 1% of the total costs of development for environmental laws compliance. By doing such compliance, the company is able to help in the preservation of the environment as part of its social corporate responsibility.

Employees

The Company, through its subsidiaries, had a total of 1,845 and 1,296 employees as of December 31, 2015 and 2014, respectively. This is broken down by function as follows:

Function	**Number of employees**	
	2015	**2014**
Operations	758	557
Administrative	468	388
Technical	619	351
Total	**1,845**	**1,296**

The Company recognizes that there may be a need to hire additional personnel to handle increase in the volume of business over the next twelve months. However, all such hiring decisions will be made taking into account the uncertainties surrounding the current market environment in addition to the long-term requirements of the business. As such, the Company does not anticipate a significant increase in the number of employees this year.

The Company has no collective bargaining agreements with its employees and none of the Company's employees belong to a union. The Company believes it has a good relationship with its employees and there has been no turnover of key personnel during the past three years.

The Company provides employees with on-the-job-training and other development programmes that assist them in effectively carrying out their jobs and that prepare them for career advancement in the Company.

The Company continuously strives to position itself as an employer of choice in the Philippine real estate industry. It offers what it believes to be competitive salary and benefits packages that allow it to compete in the job market for quality employees. The Company has no employee stock option plan.

Risks related to the Company's Business

Risks relating to competition

The Company faces significant competition in the Philippine residential and commercial property development market. In particular, the Company competes with other developers in locating and acquiring (either directly or through joint venture arrangements) parcels of land of suitable size in prime locations and at attractive prices. This is particularly true for land located in Mega Manila, as well as in other urbanised areas throughout the Philippines. The Company's continued growth also depends in large part on its ability either to acquire quality land at attractive prices or to enter into joint venture agreements with land-owning partners under terms that yield reasonable returns. Based on the Company's current development plans, the Company believes that it has sufficient land reserves for property developments for the next several years. If the Philippine economy continues to grow and if demand for residential properties remains relatively strong, the Company expects that competition among developers for land reserves that are suitable for property development (whether through acquisitions or joint venture agreements) will intensify and that land acquisition costs, and its cost of sales, will increase as a result.

The Philippine residential and commercial property development market is highly competitive. The Company's existing and potential competitors include major domestic developers and, to a lesser extent, foreign developers, including several leading developers from Asia and other parts of the world. Some of these competitors may have better track records, greater financial, human and other resources, larger sales networks and greater name recognition than the Company. Competition from other developers may adversely affect the Company's ability to develop and sell its products, and continued development by other market participants could result in saturation of the residential real estate market.

To mitigate this risk, Vista Land conducts regular market study and business intelligence updates in order to understand industry and market dynamics.

Risks relating to land acquisition and landbank management

The Company's future growth and development are heavily dependent on its ability to acquire or enter into agreements to develop additional tracts of land suitable for the Company's planned real estate projects. The Company faces strong competition from fellow developers for ideal parcels of land suitable for development. In addition other factors make the task of acquisition difficult, including (a) ideal location; (b) suitable size; (c) economically acceptable price; and (d) legal and informal settler issues. In this area of the Company's operations, it faces greater difficulty in sourcing parcels of land located within Metro Manila and other urban areas throughout the Philippines.

The Company may have difficulty in attracting land owners to enter into joint venture agreements with it. Key issues revolve around profit and development cost sharing which affect expected investment returns. Other issues could be differences in intangible objectives, land ownership squabbles and other non-economic hindrances.

In the event the Company is unable to acquire suitable land, or to enter into agreements with joint venture partners to develop suitable land at acceptable prices, with reasonable returns, or at all, its growth prospects could be limited and its business and results of operations could be adversely affected.

The Company mitigates this risk by having an in-house group composed of senior managers whose primary responsibility is to search (for suitable properties), negotiate (including joint-venture options), acquire and manage its strategic land bank. The land bank management group is comprised of technical, finance and legal experts, and is aided by the Company's network of brokers. The Company also maintains goodwill amongst the owners of major tracts of land in the Philippines. Through the foregoing, the Company continually identifies attractive locations for future projects, prospective partners and negotiates joint venture arrangements to ensure a long-term pipeline of developmental projects.

a) The Company also faces risks relating to the management of its land bank, which could adversely affect its margins.

   The land banking function is critical to the success and future operations of the Company. The Company must continuously acquire land for replacement and expansion of land inventory within its current markets. The risks inherent in purchasing and developing land increase as consumer demand for residential real estate decreases. The market value of land, subdivision lots and housing inventories can fluctuate significantly as a result of changing market conditions. The Company cannot assure investors that the measures it employs to manage land inventory risks will be successful. In the event of significant changes in economic, political, security or market conditions, the Company may have to sell subdivision lots and housing units at significantly lower margins or at a loss. Changes in economic or market conditions may also require the Company to defer the commencement of housing and land development projects. This would require the Company to continue to carry the cost of acquired but undeveloped land on its balance sheet, as well as reduce the amount of property available for sale. Any of the foregoing events would have a material adverse effect on Vista Land's business, financial condition and results of operations.

   The Company mitigates this risk by having an in-house group composed of senior managers whose primary responsibility is to search (for suitable properties), negotiate (including joint-venture options), acquire and manage its strategic land bank. The land bank management group is comprised of technical, finance and legal experts, and is aided by the Company's network of brokers. The Company also maintains goodwill amongst the owners of major tracts of land in the Philippines. Through the foregoing, the Company continually identifies attractive locations for future projects, prospective partners and negotiates joint venture arrangements to ensure a long-term pipeline of developmental projects.

b) Titles over land owned by the Company may also be contested by third parties.

   The Philippines has adopted a system of land registration which is intended to conclusively confirm land ownership, and which is binding on all persons (including the Government); however, it is not uncommon for third parties to claim ownership of land which has already been registered and over which a title has been issued. There have also been cases where third parties have produced false or forged title certificates over land. From time to time the Company has had to defend itself against third parties who claim to be the rightful owners of land which has been either titled in the name of the persons selling the land to the Company or which has already been titled in the name of the Company.

   Historically, these claims have not had a material adverse effect on the Company and its business, but in the event that a greater number of similar third-party claims are brought against the Company in the future, or any such claims are made against land that is material to the Company's housing and land development projects, the Company's management may be required to devote significant time and incur significant costs in defending against such claims. Should any of these claims prosper, the Company may have to either incur additional costs to settle such third-party claims or surrender title to land that may be material in the context of the Company's housing and land development projects. Any of the foregoing circumstances could adversely affect the Company's business, financial condition and results of operations, as well as on its business reputation.

To mitigate this risk, the Company uses legal and technical research to establish the integrity of the legal title to any piece of land before concluding any transaction, be it an acquisition or joint venture.

Risk relating to joint venture agreements and transactions

The interests of joint venture partners for the Company's housing and land development projects may differ from the Company's and they may take actions that adversely affect the Company.

The Company has entered into joint venture agreements with landowners and, as part of its overall land acquisition strategy, intends to continue to do so. Under the terms of most of these joint venture agreements, the Company takes responsibility for project development and project sales, while its joint venture partner typically supplies the project land. A joint venture partner may have economic or business interests or goals inconsistent with or different from those of the Company's. A joint venture partner may also take actions contrary to the Company's instructions or requests or in direct opposition to the Company's policies or objectives with respect to the real estate investments. A joint venture partner may not meet its obligations under the joint venture arrangement. Disputes between the Company and a joint venture partner could arise after significant capital investments in a project have been made, which could result in the loss of some or all of the Company's investment in the project. The Company's reliance on its joint venture arrangements could therefore have a material adverse effect on the Company's results of operations and financial condition.

To mitigate this risk, the Company as a standard policy ensures that a binding agreement/contract with any joint-venture partner is made at the start of any partnership. Further, a constant open communication is maintained with all business partners.

Risk relating to property development and construction management

a) The Company is in a business that carries significant risks distinct from those involved in the ownership and operation of established properties. This includes the risk that the Company may invest significant time and money in a project that may not attract sufficient levels of demand in terms of anticipated sales and which may not be commercially viable. Slippages may occur in obtaining required Government approvals and permits, resulting in more costs than anticipated, or inability to complete the project on schedule and within budget.

   Likewise, the time and the costs involved in completing the development and construction of projects can be adversely affected by many factors, including: (a) shortages of materials, equipment, skilled labor; (b) adverse weather conditions; (c) peso depreciation; (d) natural disasters; (e) labor disputes with contractors and subcontractors; (f) accidents; (g) changes in laws or in Government priorities; and (h) other unforeseen problems or circumstances. Where land to be used for a project is occupied by tenants and/or informal settlers, the Company may have to take steps, and incur additional costs, to remove such occupants and, if required by law, to provide relocation facilities for them. Any of these factors could result in project delays and cost overruns, which could negatively affect the Company's margins. This may also result in sales and resulting profits from a particular development not being recognized in the year in which it was originally expected to be recognized, which could adversely affect the Company's results of operations for that year. Further, the failure by the Company to complete construction of a project to its planned specifications or schedule may result in contractual liabilities to purchasers and lower returns.

   The Company cannot provide any assurance that such events will not occur in a manner that would materially and adversely affect its results of operations or financial condition.

   To mitigate this risk, the Company continuously seeks to improve its internal control procedures and internal accounting and to enhance project management and planning. Further, the Company substantially finances its development projects through pre-sales and internally generated funds, which allows it to maintain some flexibility in timing the progress of its projects to match market conditions.

b) The Company relies to a significant extent on independent contractors for the development and construction of the Company's products. Their availability and quality of workmanship may not meet the Company's quality standards, or cause project delays and cost overruns. The Company's reputation will be adversely affected if projects are not completed on time or if projects do not meet customers' requirements.

The Company relies on independent contractors to provide various services, including land clearing and infrastructure development, various construction projects and building and property fitting-out works. There can be no assurance that the Company will be able to find or engage an independent contractor for any particular project or find a contractor who is willing to undertake a particular project within the Company's budget, which could result in costs increases or project delays. Further, although the Company's personnel actively supervise the work of such independent contractors, there can be no assurance that the services rendered by any of its independent contractors will always be satisfactory or match the Company's quality standard requirements. Contractors may also experience financial or other difficulties, and shortages or increases in the price of construction materials may occur, any of which could delay the completion or increase the cost of certain housing and land development projects, and the Company may incur additional costs as a result thereof. Any of these factors could have a material adverse effect on the Company's business, financial condition and results of operations.

If any of the Company's projects experience construction or infrastructure failures, design flaws, significant project delays, quality control issues or otherwise, this could have a negative effect on the Company's reputation and make it more difficult to attract new customers to its new and existing housing and land development projects. Any negative effect on the Company's reputation or its brand could also affect the Company's ability to pre-sell its housing and land development projects. This would impair the Company's ability to reduce its capital investment requirements. The Company cannot provide any assurance that such events will not occur in a manner that would adversely affect its results of operations or financial condition.

As with most major property development companies, the Company manages these development and construction risks by ensuring that contractual arrangements with builders, engineers, suppliers and other contractors clearly specify costs, responsibilities and the appropriate benefits or penalties that may accrue to all parties in the event of favorable or adverse developments. The Company also maintains an experienced in-house team of engineers and technicians who are tasked to oversee and manage each project. As and when needed, the Company may also avail of the services of independent project managers and quantity surveyors to supplement its in-house project management capabilities.

Risks relating to specific target markets

Vista Land's sales to OFWs and expatriate Filipinos comprise a significant portion of the Company's revenues. While the Company sees this segment as continuously growing, and providing it with buyers in the years to come, it is also prone to downturns, which can affect the Company's performance. These downturns may lead to (a) reduced deployment of new OFWs; (b) reduced remittances from abroad; (c) a lower purchasing power of expatriate Filipinos than currently enjoyed; or (d) any combination or all of the above, and could adversely affect demand for Vista Land's projects from OFWs and expatriate Filipinos. Such reduction in demand could have a material adverse effect on Vista Land's business, financial condition and results of operations.

To mitigate the possible impact of a sudden downturn in the OFW market, it is Vista Land's business strategy to diversify its product offerings to serve as wide a market as possible. Any adverse developments in any one property sector may be offset or mitigated by more positive developments in other sectors. The Company also closely monitors the factors that may affect the OFW market so that Vista Land can take the necessary corrective measures.

Risks relating to external marketing groups

The Company engages third-party brokers to market and sell its residential housing and land development projects domestically and internationally. It is a known practice in the Philippine real estate industry that these same brokers may also be promoters and sellers for other developers in the same markets in which the Company operates. More importantly, there can be no assurance that they will not favor the interests of their other clients over the interests of the Company in any lease or sale opportunities, or otherwise act in the Company's best interests.

The intense competition for the services of reputable and successful third-party brokers in the Philippines impels industry competitors to try to recruit brokers away from competing companies. The Company is not immune to such attempts. Competitors of the Company attempt to recruit brokers away from the Company from time to time. If a large number of these third-party brokers were to stop selling for the Company, this could disrupt the Company's business and negatively affect its financial condition, results of operations and prospects.

The Company mitigates this risk by establishing its own in-house sales force, who are tasked to market and sell only Company products. The Company also provides its brokers and sales agents with competitive commission schemes and other incentives. Beyond this, the Company gives its sales force skills-build-up programs as a way of planning and managing their career growth with the Company. A parallel effort is the continuous recruitment of competent brokers and sales agents.

Risks relating to project and end-buyer financing

a) Fluctuations in interest rates, changes in Government borrowing patterns and Government regulations could have a material adverse effect on Vista Land's and its customers' ability to obtain financing.

   Interest rates, and factors that affect interest rates, such as the Government's fiscal policy, could have a material adverse effect on Vista Land and on the demand for its products. For example:

   - In connection with Vista Land's property development business, higher interest rates make it more expensive for Vista Land to borrow funds to finance ongoing projects or to obtain financing for new projects.

   - Because a substantial portion of the Company's customers procure financing (either from banks or using the Company's in-house financing program) to fund their property purchases, higher interest rates make financing, and therefore purchases of real estate, more expensive, which could adversely affect demand for the Company's residential projects.

   In order to mitigate these risks, Vista Land substantially finances its development projects through pre-sales and internally generated funds. In this way, Vista Land maintains some flexibility in timing the progress of its development projects to match market conditions. Vista Land attempts to keep its costs down and selling price stable by lowering material costs through purchasing in bulk.

b) Vista Land is exposed to risks associated with its in-house financing activities, including the risk of customer default, and it may not be able to sustain its in-house financing program.

   The Company offers in-house financing to customers, which may expose the Company to risks of customers missing on their payments and/or defaulting on their obligations that may lead to sales cancellations. The Company cannot adequately assure the resale of any property whose prior sale has been cancelled.

   The Company has used funds obtained from receivables rediscounting facilities with commercial banks to balance its liquidity position. An inability to sell receivables would remove a source of potential external financing, increasing its reliance on internally generated funds or non-receivable external financing.

   To mitigate these risks, the Company attempts to decrease the occurrence of financial defaults and sales cancellations due to the inability to pay by enforcing strict credit investigation policies and procedures. For ongoing in-house loans, the Company monitors each and every account to assist buyers and to provide immediate remedial measures in problem cases. The Company also spreads the financing risk by encouraging buyers to avail of commercial bank retail financing facilities.

c) The Company's business and financial performance could be adversely affected by a material number of sales cancellations.

As a developer and seller of residential real estate, the Company is subject to Republic Act No. 6552 (the "Maceda Law"), which applies to all transactions or contracts involving the sale or financing of real estate through installment payments, including residential condominium units. Under the Maceda Law, buyers who have paid at least two years of installments are granted a grace period of one month for every year of paid installments to cure any payment default. If the contract is cancelled, the buyer is entitled to receive a refund of at least 50% of the total payments made by the buyer, with an additional 5% per annum in cases where at least five years of installments have been paid (but with the total not to exceed 90% of the total payments). Buyers who have paid less than two years of installments and who default on installment payments are given a 60-day grace period to pay all unpaid installments before the sale can be cancelled, but without right of refund.

Historically, the Company has not experienced a material number of cancellations to which the Maceda Law has applied; however, this is no assurance that such an event will not happen. An economic downturn, high interest rate episodes, and others could trigger such sales cancellations. Should this happen, the Company may not have enough funds on hand to pay the necessary cash refunds to buyers, or the Company may have to incur indebtedness in order to pay such cash refunds. As mentioned earlier, the Company cannot assure the resale of a cancelled property, particularly during periods of economic slowdowns or downturns. Any of these events would adversely affect the Company's business, financial condition and results of operations.

In the event the Company experiences a material number of sales cancellations, the Company's historical revenues would have been overstated because such historical revenues would not have accurately reflected subsequent customer defaults or sales cancellations. Investors are also cautioned not to rely on the Company's historical income statements as indicators of the Company's future revenues or profits.

There can be no assurance that the Company will not suffer from substantial sales cancellations and that such cancellations will not have a material adverse effect on its financial condition and results of operations.

To mitigate this risk, the Company has a structured and standardized credit approval process, which includes conducting background and credit checks on prospective buyers using national credit databases and, where feasible, conducting physical verification of claims regarding residences and properties owned. From time to time, the Company utilizes its receivables rediscounting lines with banks and other financial institutions and sells installment contract receivables. The Company ensures that all buyers are made aware of their responsibilities and obligations, and the resulting penalties for non-compliance. Each and every account is monitored to assist buyers and to provide immediate remedial measures in problem cases.

Risk relating to management of growth

a) The Company may not be able to successfully manage its growth.

The Company intends to continue to pursue an aggressive growth strategy for its residential property and land development business. The Company foresees that this strategy will mean that management resources will be reallocated from the Company's current operations. The growth strategy will also entail creating and managing relationships with a larger group of third parties such as customers, suppliers, contractors, service providers, lenders, etc. This expansion of the Company's operations will require significant capital expenditure to finance new housing and land development projects, causing the Company to take on additional debt. It thus becomes necessary to manage the internal control and compliance functions so that compliance with legal and contractual obligations is maintained and, at the same time, operational and compliance risks are minimized.

Even with these safeguards, there is no assurance that the Company will not experience any difficulties in the course of implementing its growth strategy. These difficulties can come in the form of capital constraints, construction delays, operational difficulties at new operational locations or difficulties in operating existing businesses and training personnel to manage and operate the expanded business. An inability or failure to successfully adapt to growth, including strains on management and logistics, could result in losses or development costs that are not recovered as quickly as anticipated, if at all. These problems could adversely affect the Company's reputation, the business, and results of operations or financial condition.

To mitigate this risk, the Company substantially finances its development projects through pre-sales and internally generated funds. In this way, the Company maintains some flexibility in timing the progress of its development projects to match market conditions.

b) The Company is still in the process of fully upgrading and integrating its operational and financial reporting systems and may experience difficulty in providing the Company's management and investors with financial information, particularly for interim periods.

Until recently, each of Vista Land's business units had operated as an independent company, with its own management and financial teams as well as its own information and technology (IT) systems. With the integration of the operations, records and database, Vista Land may experience delays in generating period-end financial information, particularly in situations where manually recorded financial information is required to be reconciled with information generated by the consolidated system. There can be no assurance that these constraints will not materially hinder the timeliness of such information in the future or affect Vista Land's ability to generate and management's and investors' ability to receive promptly information regarding Vista Land's consolidated financial condition and results of operations.

To mitigate this risk, Vista Land conducts regular meetings and requires briefing from key departments.

Risks relating to natural catastrophes

Natural or other catastrophes, including severe weather conditions, may materially disrupt the Company's operations, affect its ability to complete projects and result in losses not covered by its insurance.

The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, droughts, volcanic eruptions and earthquakes. There can be no assurance that the occurrence of such natural catastrophes will not materially disrupt the Company's operations. These factors, which are not within the Company's control, could potentially have significant effects on the Company's housing and land development projects, many of which are large, complex estates with infrastructure, such as buildings, roads and perimeter walls, which are susceptible to damage. Damage to these structures resulting from such natural catastrophes could also give rise to claims against the Company from third parties or from customers, for example for physical injuries or loss of property. As a result, the occurrence of natural or other catastrophes or severe weather conditions may adversely affect the Company's business, financial condition and results of operations.

Should an uninsured loss or a loss in excess of insured limits occur, the Company could lose all or a portion of the capital invested in a property, as well as the anticipated future turnover from such property, while remaining liable for any project construction costs or other financial obligations related to the property. Any material uninsured loss could adversely affect the Company's business, financial condition and results of operations.

Risks relating to over-reliance on some key Company personnel

The Company's directors and members of its senior management have been an integral part of its success, and the experience, knowledge, business relationships and expertise that would be lost should any such persons depart could be difficult to replace and may result in a decrease in the Company's operating efficiency and financial performance. While the Company has provided its Directors and key Senior Management with generous compensation, a highly skilled and reputable executive is always subject to piracy by competitors. Additionally, key personnel could also be lost due to catastrophic diseases (i.e., cerebral stroke, cancer, heart attacks), incapacitated by an accidents and death.

To lessen the potential negative impact of these events, the Company has institutionalized critical operational systems and procedures as a way of minimizing the over-dependence on individuals. The Company also has established organizational development policies and procedures to ensure the continuous development of its officers and staff. Performances are regularly monitored and appraised, and appropriate and timely action is taken to reward or correct the performances of its officers and staff. The Company maintains a continuous training program and an informal apprenticeship agenda to provide a constant pool of executive-calibre personnel ready for promotion.

The Company's ability to plan, design and execute current and future projects depends on its ability to attract, train, motivate and retain highly skilled personnel, particularly architects and engineers. However, this valuable human resource is also in demand not only by the Company's competitors, but also from companies outside the Philippines, particularly companies operating in the Middle East. It is important to point out that other development companies face the same risks.

Any inability on the part of Company to hire and, more importantly, retain qualified personnel could impair its ability to undertake project design, planning and execution activities in-house. If these situations occur, the Company will be left with no recourse but engage third-party consultants thereby incurring additional costs.

To mitigate this risk, the Company provides its technical personnel with competitive compensation and incentive programs.

Risks relating to the Company's reputation

Infringement of the Company's intellectual property rights over the various names, brands and logos which are used for its operations, including the names "Vista Land," "Brittany," "Crown Asia," "Camella," "Communities Philippines," "Vista Residences," and "Starmalls," would have a material adverse effect on the Company's business. There can be no assurance that the actions the Company has taken will be adequate to prevent third parties from using these names, brands and logos or from naming their products using the same.

In addition, there can be no assurance that third parties will not assert rights in, or ownership of the Company's name, trademarks and other intellectual property rights. Because Vista Land believes that the reputation and track record it has established under its brands is key to its future growth, the Company's business, financial condition and results of operations may be materially and adversely affected by the use of these names and of any associated trademarks by third parties or if the Company was restricted from using such marks.

The Company, through its corporate communications team maintains a clear, accurate brand and company image and perception in the market to mitigate this risk. The legal team also monitors all intellectual ownership issues of the Company.

Other risks that the Company may be exposed are the following:

- Risks relating to the general Philippine economic condition
- Risks relating to operating in a highly-regulated environment
- Risks relating to political uncertainties
- Risks relating to international credit valuators
- Risks relating to Philippine foreign ownership limitations
- Risks relating to changes in construction material, labor, power and other costs.

To mitigate the above mentioned risks, Vista Land shall continue to adopt appropriate risk management tools as well as conservative financial and operational controls and policies to properly manage the various business risks it faces.

Working Capital

Vista Land finances its working capital requirements through a combination of internally-generated cash, pre-selling, joint ventures, borrowings and proceeds from sale of installment receivables.

Domestic and Export Sales

Amounts of revenue, profitability and identifiable assets attributable to domestic and foreign operations for 2015, 2014 and 2013 follow:

(in Php)	**2015**	**2014** *(as restated)*	**2013** *(as restated)*
Revenues			
Domestic	28,689,566,793	25,508,329,511	22,949,856,578
Foreign	–	–	–
Net operating Income			
Domestic	9,543,443,155	8,021,184,933	7,259,628,000
Foreign	–	–	–
Net income			
(attributable to equity holders of VLL)			
Domestic	7,031,723,340	6,156,162,273	5,188,891,735
Foreign	–	–	–
Total Assets			
Domestic	152,894,778,238	124,987,526,859	98,468,560,050
Foreign	–	–	–

Item 2. Properties

Details of the Company and its subsidiaries raw land inventory as of December 31, 2015 are set out in the table below:

Location	**Area (in has.)**
Bacolod	11.8
Batangas	87.1
Bulacan	203.2
Cagayan de Oro	78.1
Dumaguete	9.4
Metro manila	760.1
Cavite	609.4
Cebu	62.0
Davao	72.6
Iloilo	205.3
Leyte	1.6
Laguna	72.5
Naga	18.7
Pangasinan	13.4
Pampanga	9.8

Rizal	46.4
Tarlac	6.1
Butuan	1.0
Quezon	12.2
Bohol	1.3
Cabanatuan	20.5
Palawan	2.0
Candon	2.1
Legaspi	1.6
Bataan	18.2
Tugeugarao	0.9
Laoag	2.2
Roxas City	4.1
Nueva Ecija	20.2
Total	**2,353.8**

*Represents area attributable to the Company

Starmalls also has 46.9 hectares of raw land as of December 31, 2015.

As of December 31, 2015, land and improvements are not used to secure the borrowing of the Group (see Note 13 of the 2015 Audited Financial Statements).

Properties for lease
The Company and its subsidiaries' properties for lease are mainly land and commercial centers. In the year 2015, 2014, and 2013, rental earned from investment properties amounted to ₱2.2 billion, ₱1.5 billion and ₱1.3 billion, respectively. Lease payments and terms vary depending on the type of property and tenant (see Note 14 of the 2015 Audited Financial Statements).

Item 3. Legal Proceedings

The Company is not subject to any civil or criminal lawsuit or other legal actions. The Subsidiaries are subject to various civil and criminal lawsuits and legal actions arising in the ordinary course of business. Typical cases include adverse claims against a Subsidiary's title over parcels of land and claims brought by buyers seeking the return of deposits or cancellations of sales. From time to time, the Subsidiaries also dispute taxes that have been assessed against them by the Philippine Bureau of Internal Revenue. In the opinion of the Company's management, none of the lawsuits or legal actions to which the Subsidiaries are currently subject will materially affect the daily operations of their business nor will they have a material adverse effect on the Company's consolidated financial position and results of operations.

Item 4. Submission of Matters to a Vote of Security Holders

There was no matter submitted to a vote of security holders during the fourth quarter of 2015.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholders Matters

<u>Market Information</u>

Vista Land's common shares are listed with the Philippine Stock Exchange. The company was listed on February 28, 2007. Data on the quarterly stock price movement of Vista Land for the years 2015, 2014, and 2013:

Quarter	2015			2014			2013		
	High	Low	Close	High	Low	Close	High	Low	Close
1st	8.59	6.80	8.59	5.47	5.07	5.27	5.52	4.84	5.42
2nd	8.42	6.30	6.35	6.44	5.30	6.12	7.05	5.12	5.62
3rd	7.30	5.03	5.03	6.26	5.81	6.17	6.05	4.97	5.33
4th	5.83	5.03	5.18	7.20	5.89	7.20	5.75	4.40	5.20

The market capitalization of VLL as of December 31, 2015 based on the closing price of ₱5.18/share on December 29, 2015, the last trading date for the fourth quarter of 2015, was approximately ₱64.8billion.

There are no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

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

Stockholders

Common

There are approximately 979 holders of common equity security of the Company as of December 31, 2015 (based on the number of accounts registered with the Stock Transfer Agent). The following are the top 20 holders of the common securities of the Company:

	Name	No. of Shares[1]	Percentage
1	FINE PROPERTIES, INC.[2]	6,193,512,669	49.52%
2	PCD NOMINEE CORPORATION (FOREIGN)	3,202,114,473	25.60%
3	ALTHORP HOLDINGS, INC. [3]	1,235,292,469	9.88%
4	MANUELA CORPORATION	752,208,215	6.01%
5	PCD NOMINEE CORPORATION (FILIPINO)	720,571,315	5.76%
6	MANUEL B. VILLAR, JR. [4]	293,969,986	2.35%
7	MANUEL PAOLO A. VILLAR	222,796,324	1.78%
8	BESTIMES INVESTMENT LIMITED	26,814,493	0.21%
9	JOHN T. LAO	2,853,000	0.02%
10	SULFICIO TAGUD JR. &/OR ESTER TAGUD	401,000	0.00%
11	TOMAS L. CHUA	400,000	0.00%
12	FEDERAL HOMES, INC.	324,850	0.00%
13	ACRIS CORPORATION	300,000	0.00%
14	CHRISTIAN A. AGUILAR	290,617	0.00%
15	MARCELINO C. MENDOZA	206,690	0.00%
16	BENJAMARIE THERESE N. SERRANO	200,000	0.00%
17	MARIBETH TOLENTINO	200,000	0.00%
18	MARK VILLAR	200,000	0.00%
19	CHERYL JOYCE YOUNG	200,000	0.00%
20	LUCIO W. YAN &/OR CLARA Y. YAN	150,000	0.00%
	TOTAL	**12,653,006,101**	**101.16%**
	OTHER STOCKHOLDERS	1,885,652	0.02%
	TREASURY SHARES – AS OF DECEMBER 31, 2015	(147,867,100)	-1.18%
	TOTAL OUTSTANDING, ISSUED AND SUBSCRIBED	**12,507,024,653**	**100.00%**

[1] *based on the total outstanding, issued and subscribed shares of 12,507,024,653*
[2] *Includes 603,397,000 lodged under PCD Nominee Corp. (Filipino)*
[3] *Includes 10,983,363 shares owned by ML&H Corporation which have been merged with Althorp Holdings, Inc. and 5,000,000 lodged under PCD Nominee Corp. (Filipino) includes 603,397,000 lodged under PCD Nominee Corp. (Filipino)*
[4] *Includes 1,000 lodged under PCD Nominee Corp. (Filipino)*

Preferred

	Stockholder's Name	No. of Preferred Shares	Percentage (of Preferred Shares)
1	FINE PROPERTIES, INC.	3,300,000,000	100.000%
	Total outstanding, issued and subscribed	**3,300,000,000**	**100.000%**

<u>Dividends</u>

₱0.1357 per share Regular Cash Dividend
Declaration Date: September 15, 2015
Record date: September 30, 2015
Payment date: October 15, 2015

₱0.11858 per share Regular Cash Dividend
Declaration Date: September 15, 2014
Record date: September 30, 2014
Payment date: October 24, 2014

₱0.102 per share Regular Cash Dividend
Declaration Date: September 11, 2013
Record date: September 26, 2013
Payment date: October 22, 2013

₱0.0839 per share Regular Cash Dividend
Declaration Date: September 17, 2012
Record date: October 02, 2012
Payment date: October 26, 2012

₱0.04 per share Special Cash Dividend
Declaration Date: June 15, 2012
Record date: July 02, 2012
Payment date: July 26, 2012

₱0.07 per share Regular Cash Dividend
Declaration Date: September 13, 2011
Record date: September 28, 2011
Payment date: October 24, 2011

₱0.035 per share Special Cash Dividend
Declaration Date: May 17, 2011
Record date: June 01, 2011
Payment date: June 28, 2011

<u>Dividend Policy</u>

The Company's Board is authorized to declare dividends. A cash dividend declaration does not require any further approval from the Company's shareholders. A stock dividend declaration requires the further approval of shareholders representing not less than two-thirds of the Company's outstanding capital stock. Dividends may be declared only from unrestricted retained earnings.

In relation to foreign shareholders, dividends payable may not be remitted using foreign exchange sourced from the Philippine banking system unless the investment was first registered with the Banko Sentral ng Pilipinas.

The Company is allowed under Philippine laws to declare property and stock dividends, subject to certain requirements.

Record Date

Pursuant to existing Philippine SEC rules, cash dividends declared by the Company must have a record date not less than 10 nor more than 30 days from the date the cash dividends are declared. With respect to stock dividends, the record date is to be not less than 10 or more than 30 days from the date of shareholder approval, provided however, that the set record date is not to be less than 10 trading days from receipt by the PSE of the notice of declaration of stock dividend. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date is to be fixed by the Philippine SEC.

Dividends

The Company declares dividends to shareholders of record, which are paid from the Company's unrestricted retained earnings.

The Company intends to maintain an annual cash dividend payment ratio for its Shares of approximately 20% of its consolidated net income from the preceding fiscal year, subject to the requirements of the applicable laws and regulations and the absence of circumstances which may restrict the payment of such dividends. Circumstances which could restrict the payment of cash dividends include, but are not limited to, when the Company undertakes major projects and developments requiring substantial cash expenditures or when it is restricted from paying cash dividends by its loan covenants. The Company's Board, may, at any time, modify such dividend payout ratio depending upon the results of operations and future projects and plans of the Company.

Recent Sale of Unregistered Securities

On April 20, 2012, the Parent Company secured a Corporate Note Facility of up to ₱4.5 billion from financial institutions. On April 24, 2012, the Parent Company issued Corporate Notes that bear fixed interest rate of 7.27% and shall mature on April 25, 2017. On June 26, 2012, the Parent Company exercise the over-subscription option and issued additional Corporate Notes amounting to ₱300 million. The carrying value of the Corporate Notes as of December 31, 2015 amounted to ₱1,089 million (see Note 21 of the 2015 Audited Financial Statements).

Stock Options

None

Item 6. Management's Discussion and Analysis or Plan of Operation

REVIEW OF YEAR END 2015 VS YEAR END 2014

RESULTS OF OPERATIONS

Revenues

Real Estate

The Company recorded revenue from real estate sales amounting to ₱24,502.2 million for the year ended December 31, 2015 an increase of 10% from ₱22,320.7 million in same period last year. This was primarily attributable to the increase in the overall completion rate of sold inventories of its business units particularly of Communities Philippines, Vista Residences and Crown Asia. The Company uses the Percentage of completion method of revenue recognition where revenue is recognized in reference to the stages of development of the properties.

- Real estate revenue from Vista Residences increased by 57% to ₱3,264.1 million for the year ended December 31, 2015 from ₱2,073.3 million for the year ended December 31, 2014. This increase was principally attributable to the increase in the number of sold condominium units completed or under construction during the year. Vista Residences is the business unit of Vista Land that develops and sells vertical projects across the Philippines.

- Real estate revenue of Camella Homes increased to ₱6,807.5 million for the year ended December 31, 2015 from ₱6,257.4 million for the year ended December 31, 2014. This increase was principally attributable to the increase in the number of sold homes completed or under construction in the Mega Manila area in the low-cost and affordable housing segment during the year.

- Real estate revenue of Communities Philippines increased by 17% to ₱12,134.7 million for the year ended December 31, 2015 from ₱10,373.3 million for the year ended December 31, 2014. This increase was principally attributable to the increase in the number of sold homes completed or under construction outside the Mega Manila area in the low-cost and affordable housing segment during the year.

- Real estate revenue of Crown Asia decreased to ₱1,314.0 million for the year ended December 31, 2015 from ₱2,327.9 million for the year ended December 31, 2014. This decrease was principally attributable to the decline in the number of sold homes completed or under construction in the Mega Manila area in the middle-income housing segment during the year.

- Real estate revenue of Brittany decreased by 18% to ₱981.9 million for the year ended December 31, 2015 from ₱1,203.4 million in the same period last year. This decrease was principally attributable to the decrease in the number of sold homes completed or under construction in the Mega Manila area in the high-end housing segment, which was a reflection of the Company's focus on meeting the increased demand for housing in the low-cost and affordable as well as in the middle-income housing segments serviced by its other business units.

Rental income
Rental income increased by 47% from ₱1,527.0 million for the year ended December 31, 2014 to ₱ 2,246.1 million for the year ended December 31, 2015. The increase was primarily attributable the additional gross floor area of our investment properties as well as increase in rental rates of our existing malls.

Interest income from installment contract receivable
Interest income from installment contract receivable decreased by 7% from ₱760.6 million for the year ended December 31, 2014 to ₱710.3 million for the year ended December 31, 2015. The decrease was primarily attributable decrease in the interest collected from buyers opting to get in-house financing as more of our buyers are getting bank mortgages to finance their purchase.

Miscellaneous Income
Miscellaneous income increased by 37% from ₱900.0 million for the year ended December 31, 2014 to ₱1,231.0 million for the year ended December 31, 2015. The increase was primarily attributable the forfeited reservation fees and partial payments from customers whose sales contracts are cancelled before completion of required down payment as well as increase in other operating income and parking fees from our malls.

Interest income from investments
Interest income from investments increased by 35% from ₱439.0 million for the year ended December 31, 2014 to ₱593.0 million for the year ended December 31, 2015. The increase was primarily attributable to the increase in the amount invested by the Company to various debt instruments. The Company's investments increased during the year due to the proceeds from various fund raising activities.

Other income (expenses)
Other expense of ₱29.3 million for the year ended December 31, 2014 decreased by 76% to ₱7.0 million for the year ended December 31, 2015. The decrease in the other expense was primarily attributable decrease in the foreign exchange losses recorded for the year.

<u>Costs and Expenses</u>

Cost and expenses increased by 9% to ₱19,146.1 million for the year ended December 31, 2015 from ₱17,487.1 million for the year ended December 31, 2014.

- Cost of real estate sales increased by 11% from ₱11,032.3 million for the year ended December 31, 2014 to ₱12,253.9 million for the year ended December 31, 2015 primarily due to the increase in the overall recorded sales of Vista Land's business units.

- Operating expenses increased by 7% from ₱6,454.9 million for the year ended December 31, 2014 to ₱6,892.2 million for the year ended December 31, 2015 primarily due to the following:

    - an increase in commissions from ₱1,207.3 million for the year ended December 31, 2014 to ₱1,247.6 million for the year ended December 31, 2015 resulting from increase in sales of the Company during the year.

    - an increase in salaries, wages and employee benefits from ₱973.6 million for the year ended December 31, 2014 to ₱1,247.6 million for the year ended December 31, 2015 resulting from the increase in total number of employees hired to keep pace with the Company's expansion into new geographic areas and new projects.

    - an increase in depreciation and amortization from ₱722.1 million for the year ended December 31, 2014 to ₱798.9 million in the year ended December 31, 2015 due to the increase in investment properties and additions to property and equipment for the year.

Interest and other financing charges
Interest and other financing charges increased by 38% from ₱1,403.0 million for the year ended December 31, 2014 to ₱1,941.4 million for the year ended December 31, 2015. The increase was primarily attributable increase in the interest bearing debt of the Company for the year.

Provision for Income Tax

Provision for income tax increased by 35% from ₱741.4 million for the year ended December 31, 2014 to ₱1,001.0 million for the year ended December 31, 2015 primarily due to a higher taxable base for the year.

Net Income

As a result of the foregoing, the Company's net income increased by 14% to ₱7,187.0 million for the year ended December 31, 2015 from ₱6,286.4 million for the year ended December 31, 2014.

For the year ended December 31, 2015, there were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Company is not aware of events that will cause a material change in the relationship between the costs and revenues.

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

FINANCIAL CONDITION

As of December 31, 2015 vs. December 31, 2014

Total assets as of December 31, 2015 were ₱152,894.8 million compared to ₱124,987.5 million as of December 31, 2014, or a 22% increase. This was due to the following:

- Cash and cash equivalents including short term and long-term cash investments, available-for-sale financial assets (excluding equity securities) and held-to-maturity investments increased by 4% from ₱27,687.9 million as of December 31, 2014 to ₱28,869.7 million as of December 31, 2015 primarily due to the net proceeds from the issuance of dollar notes for the year.

- Receivables including non-current portion increased by 22% from ₱27,985.8 million as of December 31, 2014 to ₱34,254.5 million as of December 31, 2015 due to an increase in the installment contracts receivables from the current year sale and increase in other non-trade receivables.

- Due from related parties decreased by 7% from ₱3,679.0 million as of December 31, 2014 to ₱3,425.8 million as of December 31, 2015 due to settlements made by the affiliates during the year.

- Real estate inventories increased by 28% from ₱17,926.0 million as of December 31, 2014 to ₱22,855.7 million as of December 31, 2015 due to the launching and opening of new projects during the year.

- Investment properties increased by 64% from ₱16,312.0 million as of December 31, 2014 to ₱26,676.3 million as of December 31, 2015 due primarily to additions to commercial developments of both the Company and its newly acquired subsidiary Starmalls.

- Land and improvements increased by 10% from ₱25,262.2 million as of December 31, 2014 to ₱27,864.7 as of December 31, 2015 million due primarily to acquisitions of land made during the year.

- Property and equipment increased by 68% from ₱476.1 million as of December 31, 2014 to ₱801.0 million as of December 31, 2015 due to acquisitions made during the year.

- Investments and advances in project development costs increased by 80% from ₱1,583.8 million as of December 31, 2014 to ₱2,854.9 million as of December 31, 2015 due primarily to advances land owners for the year.

- Other assets including current portion increased by 36% from ₱3,432.5 million as of December 31, 2014 to ₱4,683.8 million as of December 31, 2015 due primarily to increase various deposits, goodwill and input vat.

Total liabilities as of December 31, 2015 were ₱82,929.7 million compared to ₱60,730.3 million as of December 31, 2014, or a 37% increase. This was due to the following:

- Accounts and other payables increased by 48% to ₱11,208.2 million as of December 31, 2015 to ₱7,558.5 million as of December 31, 2014 due to increase in trade payables and accruals made during the year.

- Income tax payable increased by 69% million from ₱93.4 million as of December 31, 2014 to ₱ 158.2 million as of December 31, 2015 due primarily to higher tax for the year.

- Bank loans including non-current portion increased by 120% from ₱13,873.6 million as of December 31, 2014 to ₱30,539.7 million as of December 31, 2015 due to availments made during the period.

- Loans payable (representing the sold portion of the Company's installment contracts receivables with recourse) including non-current portion, increased by 37% from ₱2,692.8 million as of December 31, 2014 to ₱3,694.9 million as of December 31, 2015 due to sale of receivables for the year.

- Notes payable including non-current portion increased by 6% from ₱28,742.7 million as of December 31, 2014 to ₱30,428.9 million as of December 31, 2015 due primarily to the issuance of dollar notes for the year. The company also undertook a liability management exercise to extend the maturity of the Company's existing dollar notes in addition the Company fully paid its first dollar notes issued in 2010.

- Deferred tax liabilities – net decreased by 8% from ₱1,358.4 million as of December 31, 2014 to ₱1,247.1 million as of December 31, 2015 due to adjustments of previously recorded deferred tax liabilities.

- Other noncurrent liabilities decreased by 15% from ₱2,460.5 million as of December 31, 2014 to ₱2,097.4 million as of December 31, 2015 due to payment of liabilities for purchase land.

Total stockholder's equity increased by 9% from ₱64,257.2 million as of December 31, 2014 to ₱69,965.1 million as of December 31, 2015 due to issuance of common stock and the net income recorded for the year ended December 31, 2014.

Considered as the top five key performance indicators of the Company as shown below:

Notes:

Key Performance Indicators	12/31/2015	12/31/2014
Current ratio [(a)]	3.42:1	2.94:1
Liability-to-equity ratio [(b)]	1.19:1	0.95:1
Interest expense/Income before Interest expense [(c)]	19.2%	16.6%
Return on assets [(d)]	4.7%	5.0%
Return on equity [(e)]	10.3%	9.8%

(a) *Current Ratio: This ratio is obtained by dividing the Current Assets of the Company by its Current liabilities. This ratio is used as a test of the Company's liquidity.*

(b) *Liability-to-equity ratio: This ratio is obtained by dividing the Company's Total Liabilities by its Total Equity. The ratio reveals the proportion of liability and equity a company is using to finance its business. It also measures a company's borrowing capacity.*

(c) *Interest expense/Income before interest expense: This ratio is obtained by dividing interest expense for the period by its income before interest expense. This ratio shows whether a company is earning enough profits before interest to pay its interest cost comfortably*

(d) *Return on assets: This ratio is obtained by dividing the Company's net income by its total assets. This measures the Company's earnings in relation to all of the resources it had at its disposal.*

(e) *Return on equity: This ratio is obtained by dividing the Company's net income by its total equity. This measures the rate of return on the ownership interest of the Company's stockholders.*

Because there are various calculation methods for the performance indicators above, the Company's presentation of such may not be comparable to similarly titled measures used by other companies.

Current ratio as of December 31, 2015 increased from that of December 31, 2014 due primarily to the increase in the current portion of receivables and real estate inventories.

Debt-to-equity ratio increased due to the increase in the total liabilities brought by the issuance of dollar notes.

Interest expense as a percentage of income before interest expense increased in the year ended December 31, 2015 compared to the ratio for the year ended December 31, 2014 due to the higher earnings for the year.

Return on asset decreased for December 31, 2015 compared to that on December 31, 2014 due primarily to the increase in total assets resulting primarily to the newly acquired subsidiary.

Return on equity increased due primarily to the higher net income reported for the year ended December 31, 2015.

Material Changes to the Company's Balance Sheet as of December 31, 2015 compared to December 31, 2014 (increase/decrease of 5% or more)

Receivables including non-current portion increased by 22% from ₱27,985.8 million as of December 31, 2014 to ₱34,254.5 million as of December 31, 2015 due to an increase in the installment contracts receivables from the current year sale and increase in other non-trade receivables.

Due from related parties decreased by 7% from ₱3,679.0 million as of December 31, 2014 to ₱3,425.8 million as of December 31, 2015 due to settlements made by the affiliates during the year.

Real estate inventories increased by 28% from ₱17,926.0 million as of December 31, 2014 to ₱22,855.7 million as of December 31, 2015 due to the launching and opening of new projects during the year.

Investment properties increased by 64% from ₱16,312.0 million as of December 31, 2014 to ₱26,676.3 million as of December 31, 2015 due primarily to additions to commercial developments of both the Company and its newly acquired subsidiary Starmalls.

Land and improvements increased by 10% from ₱25,262.2 million as of December 31, 2014 to ₱27,864.7 as of December 31, 2015 million due primarily to acquisitions of land made during the year.

Property and equipment increased by 68% from ₱476.1 million as of December 31, 2014 to ₱801.0 million as of December 31, 2015 due to acquisitions made during the year.

Investments and advances in project development costs increased by 80% from ₱1,583.8 million as of December 31, 2014 to ₱2,854.9 million as of December 31, 2015 due primarily to advances land owners for the year.

Other assets including current portion increased by 36% from ₱3,432.5 million as of December 31, 2014 to ₱4,683.8 million as of December 31, 2015 due primarily to increase various deposits, goodwill and input vat.

Accounts and other payables increased by 48% to ₱11,208.2 million as of December 31, 2015 to ₱7,558.5 million as of December 31, 2014 due to increase in trade payables and accruals made during the year.

Income tax payable increased by 69% million from ₱93.4 million as of December 31, 2014 to ₱ 158.2 million as of December 31, 2015 due primarily to higher tax for the year.

Bank loans including non-current portion increased by 120% from ₱13,873.6 million as of December 31, 2014 to ₱30,539.7 million as of December 31, 2015 due to availments made during the period.

Loans payable (representing the sold portion of the Company's installment contracts receivables with recourse) including non-current portion, increased by 37% from ₱2,692.8 million as of December 31, 2014 to ₱3,694.9 million as of December 31, 2015 due to sale of receivables for the year.

Notes payable including non-current portion increased by 6% from ₱28,742.7 million as of December 31, 2014 to ₱30,428.9 million as of December 31, 2015 due primarily to the issuance of dollar notes for the year. The company also undertook a liability management exercise to extend the maturity of the Company's existing dollar notes in addition the Company fully paid its first dollar notes issued in 2010.

Deferred tax liabilities – net decreased by 8% from ₱1,358.4 million as of December 31, 2014 to ₱1,247.1 million as of December 31, 2015 due to adjustments of previously recorded deferred tax liabilities.

Other noncurrent liabilities decreased by 15% from ₱2,460.5 million as of December 31, 2014 to ₱ 2,097.4 million as of December 31, 2015 due to payment of liabilities for purchase land.

Total stockholder's equity increased by 9% from ₱64,257.2 million as of December 31, 2014 to ₱69,965.1 million as of December 31, 2015 due to issuance of common stock and the net income recorded for the year ended December 31, 2014.

Material Changes to the Company's Statement of income for the year ended December 31, 2015 compared to the year ended December 31, 2014 (increase/decrease of 5% or more)

Revenue from real estate sales amounting to ₱24,502.2 million for the year ended December 31, 2015 an increase of 10% from ₱22,320.7 million in same period last year.

Rental income increased by 47% from ₱1,527.0 million for the year ended December 31, 2014 to ₱2,246.1 million for the year ended December 31, 2015 primarily due to the additional gross floor area of our investment properties as well as increase in rental rates of our existing malls.

Interest income from installment contract receivable decreased by 7% from ₱760.6 million for the year ended December 31, 2014 to ₱710.3 million for the year ended December 31, 2015 primarily due to the decrease in the interest collected from buyers opting to get in-house financing as more of our buyers are getting bank mortgages to finance their purchase.

Miscellaneous income increased by 37% from ₱900.0 million for the year ended December 31, 2014 to ₱1,231.0 million for the year ended December 31, 2015 primarily due to the forfeited reservation fees and partial payments from customers whose sales contracts are cancelled before completion of required down payment as well as increase in other operating income and parking fees from our malls.

Interest income from investments increased by 35% from ₱439.0 million for the year ended December 31, 2014 to ₱593.0 million for the year ended December 31, 2015 primarily due to the increase in the amount invested by the Company to various debt instruments. The Company's investments increased during the year due to the proceeds from various fund raising activities.

Other expense of ₱29.3 million for the year ended December 31, 2014 decreased by 76% to ₱7.0 million for the year ended December 31, 2015 due primarily to the decrease in the foreign exchange losses recorded for the year.

Cost of real estate sales increased by 11% from ₱11,032.3 million for the year ended December 31, 2014 to ₱12,253.9 million for the year ended December 31, 2015 primarily due to the increase in the overall recorded sales of Vista Land's business units.

Operating expenses increased by 7% from ₱6,454.9 million for the year ended December 31, 2014 to ₱6,892.2 million for the year ended December 31, 2015 primarily due to the increase in commissions resulting from increase in sales for the year, increase in salaries, wages and employees benefits resulting from the increase in total number of employees hired for the year and increase in depreciation and amortization due to the increase in investment properties and additions to property and equipment for the year.

Interest and other financing charges increased by 38% from ₱1,403.0 million for the year ended December 31, 2014 to ₱1,941.4 million for the year ended December 31, 2015 primarily due to the increase in the interest bearing debt of the Company for the year.

Provision for income tax increased by 35% from ₱741.4 million for the year ended December 31, 2014 to ₱1,001.0 million for the year ended December 31, 2015 primarily due to a higher taxable base for the year.

The Company's net income increased by 14 % to ₱7,187.0 million for the year ended December 31, 2015 from ₱6,286.4 million for the year ended December 31, 2014.

There are no other material changes in the Company's financial position (changes of 5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would impact or change reported financial information and condition on the Company.

REVIEW OF YEAR END 2014 VS YEAR END 2013

RESULTS OF OPERATIONS

Revenues

Real Estate

The Company recorded revenue from real estate sales amounting to ₱22,320.7 million for the year ended December 31, 2014 an increase of 11% from ₱20,044.2 million in same period last year. This was primarily attributable to the increase in the overall completion rate of sold inventories of its business units particularly of Communities Philippines, Vista Residences and Camella. The Company uses the Percentage of completion method of revenue recognition where revenue is recognized in reference to the stages of development of the properties.

- Real estate revenue from Vista Residences increased by 76% to ₱2,073.3 million for the year ended December 31, 2014 from ₱1,181.2 million for the year ended December 31, 2013. This increase was principally attributable to the increase in the number of sold condominium units completed or under construction during the year. Vista Residences is the business unit of Vista Land that develops and sells vertical projects across the Philippines.

- Real estate revenue of Camella Homes increased to ₱6,257.4 million for the year ended December 31, 2014 from ₱5,577.8 million for the year ended December 31, 2013. This increase was principally attributable to the increase in the number of sold homes completed or under construction in the Mega Manila area in the low-cost and affordable housing segment during the year.

- Real estate revenue of Communities Philippines increased by 11% to ₱10,373.3 million for the year ended December 31, 2014 from ₱9,358.6 million for the year ended December 31, 2013. This increase was principally attributable to the increase in the number of sold homes completed or under construction outside the Mega Manila area in the low-cost and affordable housing segment during the year.

- Real estate revenue of Crown Asia decreased by 5% to ₱2,327.9 million for the year ended December 31, 2014 from ₱2,460.4 million for the year ended December 31, 2013. This decrease was principally attributable to the decline in the number of sold homes completed or under construction in the Mega Manila area in the middle-income housing segment during the year.

- Real estate revenue of Brittany decreased by 17% to ₱1,203.4 million for the year ended December 31, 2014 from ₱1,446.7 million in the same period last year. This decrease was principally attributable to the decrease in the number of sold homes completed or under construction in the Mega Manila area in the high-end housing segment, which was a reflection of the Company's focus on meeting the increased demand for housing in the low-cost and affordable as well as in the middle-income housing segments serviced by its other business units.

Rental income

Rental income increased by 15% from ₱1,332.2 million for the year ended December 31, 2014 to ₱ 1,527.0 million for the year ended December 31, 2015. The increase was primarily attributable the additional gross floor area of our investment properties as well as increase in rental rates of our existing malls.

Interest income from installment contract receivable

Interest income from installment contract receivable increased by 4% from ₱728.3 million for the year ended December 31, 2013 to ₱760.6 million for the year ended December 31, 2014. The increase was primarily attributable increase in the interest collected from buyers opting to get in-house financing.

Miscellaneous Income

Miscellaneous income increased by 6% from ₱845.2 million for the year ended December 31, 2014 to ₱900.0 million for the year ended December 31, 2015. The increase was primarily attributable the forfeited reservation fees and partial payments from customers whose sales contracts are cancelled before completion of required down payment as well as increase in other operating income and parking fees from our malls.

Interest income from investments
Interest income from investments increased by 73% from ₱253.4 million for the year ended December 31, 2013 to ₱439.0 million for the year ended December 31, 2014. The increase was primarily attributable to the increase in the amount invested by the Company to various debt instruments. The Company's investments increased during the year due to the proceeds from various fund raising activities.

Other income (expenses)
Other expense of ₱36.7 million for the year ended December 31, 2014 decreased by 20% to ₱29.3 million for the year ended December 31, 2015. The decrease in the other expense was primarily attributable decrease in the foreign exchange losses recorded for the year.

Costs and Expenses

Cost and expenses increased by 11% to ₱17,487.1 million for the year ended December 31, 2014 from ₱15,690.2 million for the year ended December 31, 2013.

- Cost of real estate sales increased by 12% from ₱9,878.8 million for the year ended December 31, 2013 to ₱11,032.3 million for the year ended December 31, 2014 primarily due to the increase in the overall recorded sales of Vista Land's business units.

- Operating expenses increased by 11% from ₱5,811.4 million for the year ended December 31, 2013 to ₱6,454.9 million for the year ended December 31, 2014 primarily due to the following:

    - an increase in commissions from ₱1,117.2 million in the year ended December 31, 2013 to ₱1,207.3 million in the year ended December 31, 2014 resulting from increase in sales of the Company during the year.

    - an increase in salaries, wages and employee benefits from ₱812.8 million for the year ended December 31, 2013 to ₱973.6 million for the year ended December 31, 2014 resulting from the increase in total number of employees hired to keep pace with the Company's expansion into new geographic areas and new projects.

    - an increase in depreciation and amortization from ₱593.2 million for the year ended December 31, 2014 to ₱722.1 million in the year ended December 31, 2015 due the increase investment properties and additions to property and equipment for the year.

Provision for Income Tax

Provision for income tax increased by 25% from ₱593.9 million for the year ended December 31, 2013 to ₱741.4 million for the year ended December 31, 2014 primarily due to a higher taxable base for the year.

Net Income

As a result of the foregoing, the Company's net income increased by 14% to ₱6,286.4 million for the year ended December 31, 2014 from ₱5,520.0 million for the year ended December 31, 2013.

For the year ended December 31, 2014, there were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Company is not aware of events that will cause a material change in the relationship between the costs and revenues.

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

FINANCIAL CONDITION

As of December 31, 2014 vs. December 31, 2013

Total assets as of December 31, 2014 were ₱124,987.5 million compared to ₱98,468.6 million as of December 31, 2013, or a 28% increase. This was due to the following:

- Cash and cash equivalents including short term and long-term cash investments, available-for-sale financial assets (excluding unquoted equity securities) and held-to-maturity investments increased by 74% from ₱15,904.0 million as of December 31, 2013 to ₱27,687.9 million as of December 31, 2014 primarily due to the net proceeds from the issuance of dollar notes and retail peso bond for the year.

- Due from related parties increased by 62% to ₱3,679.0 million as of December 31, 2014 from ₱2,277.6 million as of December 31, 2013 due to advances made to affiliates during the year.

- Real estate inventories increased by 13% from ₱15,818.5 million as of December 31, 2013 to ₱17,926.0 million as of December 31, 2014 due to the launching and opening of new projects during the year.

- Investment properties increased by 34% from ₱12,199.2 million as of December 31, 2013 to ₱16,312.0 million as of December 31, 2014 due primarily to additions to commercial developments of the Company and its subsidiary Starmalls.

- Land and improvements increased by 33% from ₱18,939.4 million as of December 31, 2013 to ₱25,262.2 as of December 31, 2014 million due primarily to acquisitions of land made during the year.

- Property and equipment increased by 22% from ₱389.6 million as of December 31, 2013 to ₱476.1 million as of December 31, 2014 due to acquisitions made during the year.

- Investments and advances in project development costs decreased by 12% from ₱1,793.7 million as of December 31, 2013 to ₱ 1,583.8 million as of December 31, 2014 due primarily to the reclassifications of advances to a company that became a wholly owned subsidiary of the Group.

- Other assets including current portion increased by 32% from ₱2,609.5 million as of December 31, 2013 to ₱3,432.5 million as of December 31, 2014 due primarily to increase in creditable withholding taxes and various deposits.

Total liabilities as of December 31, 2014 were ₱60,730.3 million compared to ₱39,354.0 million as of December 31, 2013, or a 54% increase. This was due to the following:

- Accounts and other payables increased by 6% from ₱7,147.4 million as of December 31, 2014 to ₱7,558.5 million as of December 31, 2013 due to accruals made during the year.

- Customers' advances and deposits increased by 48% from ₱2,214.3 million as of December 31, 2013 to ₱3,267.6 million as of December 31, 2014 due to the increase in deposits required from buyers during the initial stage of a sale transaction.

- Income tax payable increased by 36% million from ₱68.5 million as of December 31, 2013 to ₱ 93.4 million as of December 31, 2014 due primarily to higher tax for the year

- Bank loans including non-current portion increased by 36% from ₱10,232.7 million as of December 31, 2013 to₱13,873.6 million as of December 31, 2014 due to availments made during the period.

- Loans payable (representing the sold portion of the Company's installment contracts receivables with recourse) including non-current portion, decreased by 14% from ₱3,149.2

million as of December 31, 2013 to ₱2,692.8 million as of December 31, 2014 due to the payments for the year and decrease in sold receivables during the year.

- Notes payable increased by 112% from ₱13,554.3 million as of December 31, 2013 to ₱28,742.7 million as of December 31, 2014 due primarily to the issuance of dollar notes and peso retail bond for the year.

- Deferred tax liabilities – net decreased by 14% from ₱1,571.9 million as of December 31, 2013 to ₱1,358.4 million as of December 31, 2014 due to adjustments of previously recorded deferred tax liabilities.

- Other noncurrent liabilities increased by 118% from ₱1,126.4 million as of December 31, 2013 to ₱2,460.5 million as of December 31, 2014 due to the increase in the liabilities for purchased land as a result of additional land acquired during the year.

Total stockholder's equity increased by 9% from ₱59,114.5 million as of December 31, 2013 to ₱64,257.2 million as of December 31, 2014 due to the net income recorded for the year ended December 31, 2014.

Considered as the top five key performance indicators of the Company as shown below:

Notes:

Key Performance Indicators	12/31/2014	12/31/2013
Current ratio [(a)]	2.94:1	3.75:1
Liability-to-equity ratio [(b)]	0.95:1	0.67:1
Interest expense/Income before Interest expense [(c)]	16.6%	18.2%
Return on assets [(d)]	5.0%	5.6%
Return on equity [(e)]	9.8%	9.3%

(f) Current Ratio: This ratio is obtained by dividing the Current Assets of the Company by its Current liabilities. This ratio is used as a test of the Company's liquidity.

(g) Liability-to-equity ratio: This ratio is obtained by dividing the Company's Total Liabilities by its Total Equity. The ratio reveals the proportion of liability and equity a company is using to finance its business. It also measures a company's borrowing capacity.

(h) Interest expense/Income before interest expense: This ratio is obtained by dividing interest expense for the period by its income before interest expense. This ratio shows whether a company is earning enough profits before interest to pay its interest cost comfortably

(i) Return on assets: This ratio is obtained by dividing the Company's net income by its total assets. This measures the Company's earnings in relation to all of the resources it had at its disposal.

(j) Return on equity: This ratio is obtained by dividing the Company's net income by its total equity. This measures the rate of return on the ownership interest of the Company's stockholders.

Because there are various calculation methods for the performance indicators above, the Company's presentation of such may not be comparable to similarly titled measures used by other companies.

Current ratio as of December 31, 2014 decreased from that of December 31, 2013 due primarily to the increase in current portion of the notes and bank loans.

Debt-to-equity ratio increased due to the increase in the total liabilities brought by the issuance of dollar notes and peso retail bond for the year.

Interest expense as a percentage of income before interest expense decreased in the year ended December 31, 2014 compared to the ratio for the year ended December 31, 2013 due to the higher capitalized interest for the year.

Return on asset decreased for December 31, 2014 compared to that on December 31, 2013 due primarily to the increase in total assets resulting from the increase in total cash and cash investments for the period.

Return on equity increased due primarily to the higher net income reported for the year ended December 31, 2014.

Material Changes to the Company's Balance Sheet as of December 31, 2014 compared to December 31, 2013 (increase/decrease of 5% or more)

Cash and cash equivalents including short term and long-term cash investments, available-for-sale financial assets (excluding unquoted equity securities) and held-to-maturity investments increased by 74% from ₱15,904.0 million as of December 31, 2013 to ₱27,687.9 million as of December 31, 2014 primarily due to the net proceeds from the issuance of dollar notes and retail peso bond for the year.

Due from related parties increased by 62% to ₱3,679.0 million as of December 31, 2014 from ₱2,277.6 million as of December 31, 2013 due to advances made to affiliates during the year.

Real estate inventories increased by 13% from ₱15,818.5 million as of December 31, 2013 to ₱17,926.0 million as of December 31, 2014 due to the launching and opening of new projects during the year.

Investment properties increased by 34% from ₱12,199.2 million as of December 31, 2013 to ₱16,312.0 million as of December 31, 2014 due primarily to additions to commercial developments of the Company and its subsidiary Starmalls.

Land and improvements increased by 33% from ₱18,939.4 million as of December 31, 2013 to ₱25,262.2 as of December 31, 2014 million due primarily to acquisitions of land made during the year.

Property and equipment increased by 22% from ₱389.6 million as of December 31, 2013 to ₱476.1 million as of December 31, 2014 due to acquisitions made during the year.

Investments and advances in project development costs decreased by 12% from ₱1,793.7 million as of December 31, 2013 to ₱ 1,583.8 million as of December 31, 2014 due primarily to the reclassifications of advances to a company that became a wholly owned subsidiary of the Group.

Other assets including current portion increased by 32% from ₱2,609.5 million as of December 31, 2013 to ₱3,432.5 million as of December 31, 2014 due primarily to increase in creditable withholding taxes and various deposits.

Accounts and other payables increased by 6% from ₱7,147.4 million as of December 31, 2014 to ₱7,558.5 million as of December 31, 2013 due to accruals made during the year.

Customers' advances and deposits increased by 48% from ₱2,214.3 million as of December 31, 2013 to ₱3,267.6 million as of December 31, 2014 due to the increase in deposits required from buyers during the initial stage of a sale transaction.

Income tax payable increased by 36% million from ₱68.5 million as of December 31, 2013 to ₱93.4 million as of December 31, 2014 due primarily to higher tax for the year

Bank loans including non-current portion increased by 36% from ₱10,232.7 million as of December 31, 2013 to₱13,873.6 million as of December 31, 2014 due to availments made during the period.

Loans payable (representing the sold portion of the Company's installment contracts receivables with recourse) including non-current portion, decreased by 14% from ₱3,149.2 million as of December 31, 2013 to ₱2,692.8 million as of December 31, 2014 due to the payments for the year and decrease in sold receivables during the year.

Notes payable increased by 112% from ₱13,554.3 million as of December 31, 2013 to ₱28,742.7 million as of December 31, 2014 due primarily to the issuance of dollar notes and peso retail bond for the year.

Deferred tax liabilities – net decreased by 14% from ₱1,571.9 million as of December 31, 2013 to ₱1,358.4 million as of December 31, 2014 due to adjustments of previously recorded deferred tax liabilities.

Other noncurrent liabilities increased by 118% from ₱1,126.4 million as of December 31, 2013 to ₱ 2,460.5 million as of December 31, 2014 due to the increase in the liabilities for purchased land as a result of additional land acquired during the year.

Total stockholder's equity increased by 9% from ₱59,114.5 million as of December 31, 2013 to ₱64,257.2 million as of December 31, 2014 due to the net income recorded for the year ended December 31, 2013.

Material Changes to the Company's Statement of income for the year ended December 31, 2014 compared to the year ended December 31, 2013 (increase/decrease of 5% or more)

Revenue from real estate sales amounting to ₱22,320.7 million for the year ended December 31, 2014 an increase of 11% from ₱20,044.2 million in same period last year.

Rental income increased by 15% from ₱1,332.2 million for the year ended December 31, 2014 to ₱1,527.0 million for the year ended December 31, 2015 primarily due to the additional gross floor area of our investment properties as well as increase in rental rates of our existing malls.

Miscellaneous income increased by 6% from ₱845.2 million for the year ended December 31, 2014 to ₱900.0 million for the year ended December 31, 2015 primarily due to the forfeited reservation fees and partial payments from customers whose sales contracts are cancelled before completion of required down payment as well as increase in other operating income and parking fees from our malls.

Interest income from investments increased by 73% from ₱253.4 million for the year ended December 31, 2013 to ₱439.0 million for the year ended December 31, 2014 primarily due to the increase in the amount invested by the Company to various debt instruments. The Company's investments increased during the year due to the proceeds from various fund raising activities.

Other expense of ₱36.7 million for the year ended December 31, 2014 decreased by 20% to ₱29.3 million for the year ended December 31, 2015 primarily due to the decrease in the foreign exchange losses recorded for the year.

Cost of real estate sales increased by 12% from ₱9,878.8 million for the year ended December 31, 2013 to ₱11,032.3 million for the year ended December 31, 2014 primarily due to the increase in the overall recorded sales of Vista Land's business units.

Operating expenses increased by 11% from ₱5,811.4 million for the year ended December 31, 2013 to ₱6,454.9 million for the year ended December 31, 2014 primarily due to the increase in commissions resulting from increase in sales of the Company during the year, increase in salaries, wages and employee benefits resulting from the increase in total number of employees hired to keep pace with the Company's expansion into new geographic areas and new projects, and increase in depreciation and due to the increase investment properties and additions to property and equipment for the year.

Provision for income tax increased by 25% from ₱593.9 million for the year ended December 31, 2013 to ₱741.4 million for the year ended December 31, 2014 primarily due to a higher taxable base for the year.

The Company's net income increased by 14% to ₱6,286.4 million for the year ended December 31, 2014 from ₱5,520.0 million for the year ended December 31, 2013.

There are no other material changes in the Company's financial position (changes of 5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would impact or change reported financial information and condition on the Company.

Factors which may have material impact in Company's operations

Economic factors

The economic situation in the Philippines significantly affects the performance of the Company's business. For the residential products, the Company is sensitive to changes in domestic interest and inflation rates. Higher interest rates tend to discourage potential buyers of residential units as mortgages become unaffordable to them. An inflationary environment will adversely affect the Company, as well as the real estate industry, by increases in costs such as land acquisition, labor and material. Although the Company may pass on the additional costs to buyers, there is no assurance that this will not significantly affect the Company's sales.

Competition

Please refer to the discussion on Competition found in Item 1 of this report.

Capital Expenditures

The table below sets out the Company's capital expenditures in 2010, 2011, 2012, 2013, 2014 and 2015 together with its budgeted capital expenditures for 2016.

	Expenditure
	(in ₱ millions)
2010 (actual)	10,020.0
2011 (actual)	11,133.6
2012 (actual)	14,967.4
2013 (actual)	17,173.2
2014 (actual)	21,132.0
2015 (actual) *	31,499.9
2016 (budgeted) *	36,061.2

** Including Starmalls, Inc., a newly acquired subsidiary.*

The Company has historically sourced funding for capital expenditures through internally-generated funds and long-term borrowings.

Components of the Company's capital expenditures for 2013, 2014 and 2015 are summarized below:

	For the years ended December 31,		
	2013	**2014**	**2015 ***
		(in ₱ millions)	
Land acquisition/Advances to joint venture partners	3,376.8	3,701.0	5,634.8
Land development	3,931.8	4,513.0	5,263.8
Construction	9,865.1	12,918.0	20,601.3
Total	**17,173.2**	**21,132.0**	**31,499.9**

**including Starmalls, Inc., a newly acquired subsidiary.*

The Company has budgeted ₱36,061.2 million for capital expenditures for 2016. The planned capital expenditures for 2016 are summarized below:

Capital Projects	**Expenditures** *(in ₱ millions)*
Land acquisition/Advances to joint venture partners	3,000.0
Land development	6,300.0
Construction	26,761.2
Total	**36,061.2**

The Company expects to fund its budgeted capital expenditures principally through the existing cash, cash from operations, as well as through borrowings. The figures in the Company's capital expenditure plans are based on management's estimates and have not been appraised by an independent organization. In addition, the Company's capital expenditure plans are subject to a number of variables, including: possible cost overruns; construction/development delays; the receipt of critical Government approvals; availability of financing on acceptable terms; changes in management's views of the desirability of current plans; the identification of new projects and potential acquisitions; and macroeconomic factors such as the Philippine's economic performance and interest rates. There can be no assurance that the Company will execute its capital expenditure plans as contemplated at or below estimated costs.

Item 7. Financial Statements

The Consolidated Financial Statements of the Company as of and for the year ended December 31, 2015 are incorporated herein in the accompanying Index to Financial Statements and Supplementary Schedules.

Item 8. Information on Independent Accountant and Other Related Matters

Independent Public Accountants

SGV & Co., independent certified public accountants, audited the Company's consolidated financial statements without qualification as of and for the years ended December 31, 2013, 2014 and 2015, included in this report.

SGV & Co. has acted as the Company's external auditors since 2008 and as Camella Homes, Inc.'s external auditors since 1994. Michael C. Sabado is the current audit partner for the Company and the other subsidiaries. The Company has not had any disagreements on accounting and financial disclosures with its current external auditors for the same periods or any subsequent interim period. SGV & Co. has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Company. SGV & Co. will not receive any direct or indirect interest in the Company or in any securities thereof (including options, warrants or rights thereto) pursuant to or in connection with the Offer. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

In relation to the audit of the Company's annual financial statements, the Company's Corporate Governance Manual provides that the audit committee shall, among other activities (i) evaluate significant issues reported by the external auditors in relation to the adequacy, efficiency and effectiveness of policies, controls, processes and activities of the Company; (ii) ensure that other non-audit work provided by the external auditors are not in conflict with their functions as external auditors; and (iii) ensure the compliance of the Company with acceptable auditing and accounting standards and regulations.

External Audit Fees and Services

The following table sets out the aggregate fees billed for each of the last two years for professional services rendered by SGV & Co.

	2014	**2015**
	(In ₱ Thousands)	
Audit and Audit-Related Fees:		
Fees for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements	₱ 19,068	₱ 19,878
All other fees	–	–
Total	**₱ 19,068**	**₱ 19,878**

SGV & Co. does not have any direct or indirect interest in the Company

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Changes in Accounting Policies

Refer to Note 3 - Summary of Significant Accounting Policies under Changes in Accounting Policies and Disclosures discussion on the Consolidated Financial Statements as of and for the years ended December 31, 2013, 2014 and 2015 included in this report.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

Board of Directors and Executive Officers

The overall management and supervision of the Company is undertaken by its Board. The Company's executive officers and management team cooperate with the Board by preparing appropriate information and documents concerning the Company's business operations, financial condition and results of operations for its review. Currently, the Board consists of seven members, of which two are independent directors.

The table below sets forth the members of the Company's Board as of December 31, 2015.

Name	Age	Position	Citizenship
Manuel B. Villar, Jr.	66	Chairman of the Board	Filipino
Manuel Paolo A. Villar	39	Director, President and Chief Executive Officer	Filipino
Cynthia J. Javarez	52	Director, Chief Financial Officer, Controller	Filipino
Marcelino Mendoza	61	Director	Filipino
Maribeth C. Tolentino	50	Director and President of Camella Homes, Inc. & Communities Philippines, Inc.	Filipino
Ruben O. Fruto	77	Independent Director	Filipino
Marilou Adea	64	Independent Director	Filipino

All the above named individuals were elected to the Board of Directors of Vista Land during the Annual Stockholders Meeting held last June 15, 2015 and shall remain in office until the next annual meeting of the shareholders of Vista Land.

The table below sets forth Vista Land's executive officers in addition to its executive directors listed above as of December 31, 2015.

Name	Age	Position	Citizenship
Gemma M. Santos	53	Corporate Secretary	Filipino
Ma. Nalen Rosero-Galang	44	Chief Legal Counsel, Chief Information Officer and Compliance Officer	Filipino
Camille Lydia A. Villar	30	Managing Director of Brittany	Filipino
Mary Lee S. Sadiasa	46	Managing Director of Crown Asia	Filipino
Ric A. Pallesco	48	Managing Director of Camella Homes	Filipino
Dante M. Julongbayan	46	Group Production Head	Filipino
Jerry M. Navarrete	61	President of Starmalls, Inc.	Filipino
Benjamarie Therese N. Serrano	53	Chief Operating Officer of Starmalls, Inc.	Filipino
Frances Rosalie T. Coloma	52	Chief Financial Officer of Starmalls, Inc.	Filipino
Rizalito J. Rosales	44	Corporate Communications Head	Filipino
Elizabeth M. Kalaw	52	Managing Director of Vista Residences	Filipino
Ma. Leni D. Luya	47	Managing Director of Vista Land Commercial	Filipino
Edgardo G. Santos	56	Vice President for Sales of Camella Homes	Filipino
Lorelyn D. Mercado	46	Vice President-Accounting	Filipino
Brian N. Edang	37	Head Investor Relations	Filipino
Rodel B. Racadio	51	Vice President External Relations / Technical Services Head	Filipino

Manuel B. Villar, Jr. *Chairman of the Board.* Mr. Villar, 66, was Senator of the Philippines from 2001 to June 2013. He served as Senate President from 2006 to 2008. He also served as a Congressman from 1992 to 2001 and as Speaker of the House of Representatives from 1998 to 2000. A Certified Public Accountant, Mr. Villar graduated from the University of the Philippines in 1970 with the degree of Bachelor of Science in Business Administration and in 1973 with the degree of Masters in Business Administration. He founded Camella Homes in the early 1970s and successfully managed said company over the years, to become the largest homebuilder in the Philippines now known as the Vista Land Group. Mr. Villar is also Chairman of the Board of Starmalls, Inc.

Manuel Paolo A. Villar, *Director and President & Chief Executive Officer.* Mr. Villar, 39, graduated from the WhartonSchool of the University of Pennsylvania, Philadelphia, USA with a Bachelor of Science in Economics and Bachelor of Applied Science in 1999. He was a consultant for McKinsey &Co. in the United States from 1999 to 2001. He joined Crown Asia in 2001 as Head of Corporate Planning. He was elected President and Chief Executive Officer of the Company in July 2011.

Cynthia J. Javarez, *Director, Controller and Chief Financial Officer*. Ms. Javarez, 52, graduated from the University of the East with a degree in Bachelor of Science in Business Administration major in Accounting. She is a Certified Public Accountant. She took a Management Development Program at the Asian Institute of Management. She is currently the Controller, Chief Financial Officer and Head of the Tax and Audit group of Vista Land after holding various other positions in the MB Villar Group of Companies since 1985.

Marcelino C. Mendoza, *Director*. Mr. Mendoza, 61, is the Chief Operating Officer of MGS Corporation. He was President of Camella Homes, Inc. from 2001 to 2003, and Chief Operating Officer of Communities Philippines, Inc. from 1992 to 1995. He has a Masters Degree in Business Administration from Ateneo de Manila University and a Certificate in Advance Course in Successful Communities from the Harvard University Graduate School of Design. Mr. Mendoza is a member of the Phi Kappa Phi International Honor Society. Well respected in the Philippine real estate industry, Mr. Mendoza has served as President and Chairman of the Board (1996 to 1998) and Board Adviser (1999 to present) of the Subdivision and Housing Developers Association (SHDA).

Maribeth C. Tolentino, *Director and President, Camella Homes, Inc. and Communities Philippines, Inc.* Ms. Tolentino, 50, a Certified Public Accountant, is currently the President of Camella Homes, Inc. and Communities Philippines, Inc. She is also the President of Household Development Corporation. Ms. Tolentino was previously the General Manager of Golden Haven Memorial Park, Inc. from 1999 to 2005 and President of Vista Residences, Inc. from 2012 to 2014. She holds a Bachelor of Science degree in Business Administration Major in Accounting, Magna Cum Laude, from the University of the East, Manila.

Ruben O. Fruto, *Independent Director*. Mr. Fruto, 77, graduated with the degree of Bachelor of Laws from the Ateneo de Manila University in 1961. He was formerly a partner in the law firm of Feria, Feria, Lugtu& La O’ and the Oben, Fruto & Ventura Law Office. In February 1987, he was the Chief Legal Counsel and Senior Vice President of the Development Bank of the Philippines and Director from 1991 to 1998. He was the Undersecretary of Finance from March 1990 to May 15, 1991. Presently aside from private practice in corporate and civil litigation, he is also a consultant and the designated Corporate Secretary of the Subic Bay Metropolitan Authority. He is also currently General Counsel of Wallem Philippines Shipping, Inc. and Wallem Maritime Services, Inc.; Vice-Chairman of Toyota Balintawak, Inc.; Director and Vice-President of China Shipping Manila Agency, Inc. and Director and Chairman of Padre Burgos Realty, Inc.

Marilou O. Adea, *Independent Director*. Ms. Adea, 64, is currently a consultant for FBO Management Network, Inc. and is Independent Director for Malarayat Rural Bank. She was until recently the Court Appointed Rehabilitation Receiver of Anna-Lynns, Inc. and Manuela Corporation. Ms. Adea served previously as Project Director for Site Acquisition of Digital Telecommunications Phils. Inc. from 2000 to 2002, Executive Director for FBO Management Network, Inc. from 1989 to 2000 and BF Homes Inc. in Receivership from 1988 to 1994 and Vice President for Finance & Administration for L&H Resources Management Corporation from 1986 to 1988. Ms. Adea holds a Degree in Bachelor of Science in Business Administration Major in Marketing Management from the University of the Philippines.

Gemma M. Santos, *CorporateSecretary*. Atty. Santos, 53, graduated cum laude with the degree of Bachelor of Arts, Major in History from the University of the Philippines in 1981, and with the degree of Bachelor of Laws also from the University of the Philippines in 1985. She is a practicing lawyer and Senior Partner of Picazo Buyco Tan Fider & Santos Law Offices and Corporate Secretary of various Philippine companies, including public companies Roxas Holdings, Inc. and Max’s Group, Inc.

Ma. Nalen Rosero-Galang. *Chief Legal Counsel, Compliance Officer and Chief Information Officer.* Atty. Galang, 44, Graduated salutatorian from the San Beda College of Law in 1997. From 1997 to 2000, she was an Associate in the Litigation Group of Angara Abello Concepcion Relaga& Cruz (ACCRA) Law Offices. She has been the Corporate Secretary of Starmalls. Inc. (formerly Polar

Property Holdings Corp.) from 2001 to the present. On September 11, 2013, Atty. Galang was designated as Compliance Officer and Chief Information Officer of the Company.

Camille Lydia A. Villar, *Managing Director, Brittany*. Ms. Villar, 30, graduated from Ateneo de Manila University with a degree in Bachelor of Science in Management. She joined the Corporate Communications Group of Brittany in 2007 until she assumed the position of Managing Director.

Mary Lee S. Sadiasa, *Managing Director, Crown Asia.* Ms. Sadiasa, 46, graduated from the De La Salle University with a Bachelor of Science in Applied Mathematics Minor in Operations Research in 1988. She has held various positions in the MB Villar Group of Companies from 1988 until she assumed the position of Division Head of Brittany Corporation from 2005 to 2011. At present, she is the Managing Director of Crown Asia, Inc.

Ric A. Pallesco, *Managing Director, Camella Homes*. Mr. Pallesco, 48, graduated from Mapua Institute of Technology with a degree in Bachelor of Science in Civil Engineering. He handled several positions with the MB Villar Group since 1991. At present, he is the Managing Director of Camella Homes.

Dante M. Julongbayan, *Group Production Head*. Mr. Julongbayan, 46, graduated from the University of the East with a degree in Bachelor of Science in Civil Engineering. He is a licensed Jr. Geodetic and Civil Engineer. He handled several technical positions within the MB Villar Group since 1993. He was the Marketing Division Head of Camella and Brittany from 2001-2006 and Technical Head of Camella, Crown Asia from 2007 to 2010 and Managing Director of Camella North Luzon from 2011 to 2014. At present he is the Group Production Head of Vista Land.

Jerry M. Navarrete, *President, Starmalls, Inc.* Mr. Naverette, 61, graduated from the Lyceum of the Philippines with a Bachelor’s degree in Economics and from Ateneo de Manila University with a Master’s degree in Business Administration. He has been with the Group for more than 40 years and has served as President and Chief Executive Officer of Starmalls since 2004.

Benjamarie Therese N. Serrano, *Chief Operating Officer, Starmalls, Inc.* Ms. Serrano, 53, graduated from the University of the Philippines with a degree in Economics and from the Asian Institute of Management with a Master’s degree in Business Management. She is also the President and Chief Executive Officer of AllValue Holdings Corp. and its subsidiaries and was President and Chief Executive Officer of Vista Land from 2007 to 2011. She also serves as Business Development Head of the Group.

Frances Rosalie T. Coloma, *Chief Financial Officer, Starmalls, Inc.* Ms. Coloma, 52, graduated cum laude from the University of the Philippines with a Bachelor of Science degree in Business Administration and Accountancy. She is a certified public accountant. Before joining Starmalls in 2011, she was the Assistant General Manager of Maersk Global Services, Philippines.

Rizalito J. Rosales, *Corporate Communications Head.* Mr. Rosales, 44, graduated from the Ateneo de Manila University with a degree in Bachelor of Science in Management minor in Marketing. He attended his post-graduate studies in business from De La Salle University. He is currently the Corporate Communications Head. He was the Managing Director of Vista Residences- Makati/ Manila from 2011 to 2014. He was Corporate Planning Officer of Vista Land from 2007-2010. He was also Division Head for Polar Realty from 2003-2006 and Crown Asia from 2001-2003 after holding various Marketing and Sales functions in the company since 1995.

Elizabeth M. Kalaw, *Managing Director, Vista Residences.* Ms. Kalaw, 52, graduated magna cum laude with the degree of Bachelor of Science in Business Management, Accountancy from the University of the East in 1984, with MBA from the De La Salle University. She was Head of Vista Land International Marketing, Inc. from October 2008 to December 2010. She assumed the position of Head of Vista Residences in January 2011.

Ma. Leni D. Luya, *Managing Director, VistaLand Commercial.* Ms. Luya, 47, is a Certified Public Accountant. She graduated from the University of the Philippines with a Bachelor of Science in Business Administration Major in Accounting. Ms. Luya has held various positions in the MB Villar Group of Companies from 1989 until she assumed the position of Division Head of Crown Asia Properties, Inc. in 2004 up until 2014. At present, she is the Managing Director of Vista Land Commercial.

Edgardo G. Santos. *Vice President for Sales, Camella Homes*. Mr Santos, 56, Graduate of Bachelor of Science in Agribusiness Development & Management, University of the Philippines Los Banos 1980; 2000-2002 Division Head, Crown Asia (North); 2002-2003 Division Head, Camella Homes (North); 2005 to present Group Head, Asia Plus Corporation; 1990 – to present, Sales Director Vista Land &Lifescapes, Inc.

Lorelyn D. Mercado. *Vice President-Accounting*. Ms Mercado, 46, graduated from the University of Batangas with a degree in Bachelor of Science in Business Administration-Accounting. She took Master in Business Administration at the De La Salle University. She is currently the Chief Accountant of Vista Land &Lifescapes, Inc. and its subsidiaries. She was also the Chief Accountant of Adelfa properties, Inc. from 1998 to 2001 and MGS Corporation from 2002 to 2006.

Brian N. Edang. *Head Investor Relations.* Mr. Edang, 37, is a Certified Public Accountant. He graduated cum laude with a Bachelor of Science in Accountancy from the University of St. La Salle - Bacolod. He served in various capacities in the MB Villar Group of companies from 2004 to 2007. Prior to joining the group, he was with SGV & Co. (EY Philippines) as an external auditor from 1999 to 2003. He is currently the Investor Relations Head of Vista Land.

Rodel Racadio. *Vice President External Relations/ Technical Services Head.* Mr. Racadio, 51, is a licensed Civil Engineer, graduated from the University of Santo Tomas as a consistent Scholar and Dean's Lister with a Degree in Bachelor of Science in Civil Engineering. He also took a Construction Management Program at the Asian Institute of Management to enhance his expertise in line with the core business of the Company. From 1987, he handled various key positions in Construction, Planning and Design, Property Management, Project Utilities, and Permits and Licenses Departments of the MB Villar Group of Companies.

Family relationships

Mr. Manuel Paolo A. Villar and Ms. Camille Lydia A. Villar, who are both employees of the Company, are siblings.

Involvement in Certain Legal Proceedings of Directors and Executive Officers

During the past five (5) years up to the date of this report, to the best knowledge of the Company, none of the above-named directors or executive officers has been subject to the following

- Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

- Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

- Any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his or her involvement in any type of business, securities, commodities, or banking activities; or

- Found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation.

Item 10. Executive Compensation

Executive Compensation

Vista Land was organized on February 28, 2007 and as of December 31, 2007, it had not paid any compensation to its directors and executive officers. Starting March 1, 2008, the Company paid compensation to its directors and executive officers. However, other executive officers of the Registrant are currently receiving and will continue to receive fixed salaries on a monthly basis from the respective subsidiaries or businesses of the Registrant that they manage. The compensation for its executive officers for the years 2014 and 2015 (actual) and 2016 (projected) are shown below:

Names	Position	Year	Salary	Bonus	Others
Manuel Paolo A. Villar	President & CEO				
Cynthia J. Javarez	Controller/ CFO				
Maribeth C. Tolentino	President, Camella Homes/ Communities Philippines, Inc.				
Elizabeth M. Kalaw	Managing Director, Vista Residences, Inc.				
Jerry M. Navarrete	President, Starmalls, Inc.				
Benjamarie Therese N. Serrano	COO, Starmalls, Inc.				
Aggregate executive compensation for above named officers		**Actual 2014**	**₱30.9M**	**₱5.2M**	**₱–None**
		Actual 2015 *	**₱34.7M**	**₱5.9M**	**₱–None**
		Projected 2016 *	**₱38.2M**	**₱6.5M**	**₱–None**
Aggregate executive compensation of all other officers and directors, unnamed		**Actual 2014**	**₱139.7M**	**₱19.0M**	**₱–None**
		Actual 2015 *	**₱153.7M**	**₱20.9M**	**₱–None**
		Projected 2016 *	**₱169.0M**	**₱23.9M**	**₱–None**

** including Starmalls, Inc.'s directors and executive officers*

Standard arrangements

Other than payment of reasonable per diem of ₱125,000 per non-executive director for every meeting, there are no standard arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly by the Company's subsidiaries, for any services provided as a director for 2014 and 2015.

Other arrangements

There are no other arrangements pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly by the Company's subsidiaries, during 2013 or 2014 for any service provided as a director.

Employment contract between the company and executive officers

There are no special employment contracts between Vista Land and the named executive officers.

Warrants and options held by the executive officers and directors

There are no outstanding warrants or options held by the Company's CEO, the named executive officers, and all officers and directors as a group.

Significant employee

While the Company values the contribution of each of its executive and non-executive employees, the Company believes there is no non-executive employee that the resignation or loss of whom would have a material adverse impact on the business of the Company. Other than standard employment contracts, there are no special arrangements with non-executive employees of the Company.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Record and Beneficial Owners

Security ownership of certain record and beneficial owners of more than 5.0% of our voting securities as of December 31, 2015 are shown below:

Title of Class of Securities	Name/Address of Record Owners and Relationship with Us	Name of Beneficial Owner /Relationship with Record Owner	Citizenship	No. of Shares Held	% of Ownership
Common	Fine Properties, Inc Las Pinas Business Center Alabang Zapote Road, Talon, Las Piñas City Shareholder	Record Owner is also beneficial Owner	Filipino	5,590,115,669	35.365%
Preferred	Fine Properties, Inc Las Pinas Business Center Alabang Zapote Road, Talon, Las Piñas City Shareholder	Record Owner is also beneficial Owner	Filipino	3,300,000,000	20.877%
Common	PCD Nominee Corporation 37/F Tower 1, The Enterprise Ctr. 6766 Ayala Ave. cor. Paseo de Roxas, Makati City Shareholder	Record Owner is not the beneficial Owner	Non-Filipino	3,202,114,473	20.258%
Common	Althorp Holdings, Inc. 3L Starmall Las Pinas, CV Starr Ave., Pamplona, Las PInas City Shareholder	Althorp Holdings, Inc. /Record owner is also the beneficial owner	Filipino	1,235,292,469	7.815%

Security Ownership of Management

Security ownership of certain management as of December 31, 2015:

Title of class	Name of beneficial owner	Amount and nature of beneficial ownership		Citizenship	Percent of Class
Common	Manuel B. Villar, Jr. C. Masibay St. BF Resort Village, Talon, Las Piñas City	293,968,986	Direct	Filipino	1.860%
		6,193,513,669	Indirect	Filipino	39.182%
Preferred	Manuel B. Villar, Jr. C. Masibay St. BF Resort Village, Talon, Las Piñas City	3,300,000,000	Indirect	Filipino	20.877%

Title of class	Name of beneficial owner	Amount and nature of beneficial ownership		Citizenship	Percent of Class
Common	Marcelino C. Mendoza Margie Moran St. BF Resort Village, Talon, Las Piñas City	206,690	Direct	Filipino	0.001%
Common	Manuel Paolo A. Villar C. Masibay St. BF Resort Village, Talon, Las Piñas City	222,796,324	Direct	Filipino	1.409%
Common	Cynthia J. Javarez B3A/L2 Vetta di Citta Italia Imus, Cavite	160	Direct	Filipino	0.000%
Common	Maribeth C. Tolentino B1/L2 Camella Merida BF Resort, Las Piñas City	200,000	Direct	Filipino	0.001%
Common	Ruben O. Fruto No. 136 Bunga Ext. Ayala Alabang Village. Muntinlupa City	1,000	Direct	Filipino	0.000%
Common	Marilou O. Adea No. 44 Istanbul Street BF Homes, Parañaque City	1	Direct	Filipino	0.000%
Total		**10,010,686,830**			**63.331%**

Except as aforementioned, no other officers of the Registrant hold, directly or indirectly, shares in the Registrant.

<u>Voting Trust Holders of 5.0% or More</u>

As of December 31, 2015, there were no persons holding more than 5.0% of a class of Shares under a voting trust or similar agreement.

<u>Changes In Control</u>

The Company is not aware of any voting trust agreements or any other similar agreements which may result in a change in control of the Company. No change in control of the Company has occurred since the beginning of its last fiscal year.

Item 12. Certain Relationships and Related Transactions

As of December 31, 2015, the Villar Family Companies held 69.54% of the total issued and outstanding common share capital of the Company and 75.90% of the total issued and outstanding common and preferred share capital of the Company.

The Company and its subsidiaries, in their ordinary course of business, engage in transactions with the Villar Family Companies and their respective subsidiaries. The Company's policy with respect to related-party transactions is to ensure that these transactions are entered into on terms at least comparable to those available from unrelated third parties.

The Company's most significant related party transactions primarily involve Camella Homes. Camella Homes, from time to time, extends advances to the Villar Family Companies to finance the latter's accumulation of raw land intended for eventual development by Camella Homes' operating subsidiaries.

Pending completion of the documentation of these acquisitions and transfer of legal title to the appropriate operating subsidiaries of Camella Homes, these advances are temporarily booked by Camella Homes as receivables from affiliates.

For further information on the Company's related party transactions, see Note 30 to the Company's consolidated financial statements as of and for the years ended December 31, 2013, 2014 and 2015 included in this report.

PART IV – CORPORATE GOVERNANCE

Item 13. Please refer to attached Annual Corporate Governance Report (ACGR)

PART V – EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17 – C

Exhibits

See accompanying Index to Financial Statements and Supplementary Schedules.

The following exhibit is incorporated by reference in this report:

Consolidated Financial Statements of the Company as of and for the year ended December 31, 2015.

The other exhibits, as indicated in the Index to Financial Statements and Supplementary Schedules are either not applicable to the Company or require no answer.

Reports on SEC Form 17-C

The following current reports have been reported by Vista Land during the year 2015 through official disclosure letters dated:

March 17, 2015
Press Release/ BOD Meeting Resolution

April 10, 2015
Press Release

April 24, 2015
BOD Meeting Resolution

May 15, 2015
Press Release

June 2, 2015
BOD Meeting Resolution/ Proof of Publication - Notice of Annual Stockholders' Meeting

June 15, 2015
Acceptance of Tender Offer/ Corporate Disclosure on Notes Issuance of a Subsidiary/ Stockholders Meeting Resolutions

June 25, 2015
Buyback of shares

June 26, 2015
Buyback of shares

June 29, 2015
Buyback of shares

June 30, 2015
Buyback of shares

July 1, 2015
Buyback of shares

July 2, 2015
Buyback of shares

July 3, 2015
Buyback of shares

July 6, 2015
Buyback of shares

July 7, 2015
Buyback of shares

July 8, 2015
Buyback of shares

July 9, 2015
Buyback of shares

July 10, 2015
Buyback of shares

July 13, 2015
Buyback of shares

July 14, 2015
Buyback of shares

July 15, 2015
Buyback of shares/ Board Meeting Resolution

July 16, 2015
Buyback of shares

July 20, 2015
Buyback of shares

July 21, 2015
Buyback of shares

July 22, 2015
Buyback of shares

July 23, 2015
Buyback of shares

July 24, 2015
Buyback of shares

July 27, 2015
Buyback of shares

July 28, 2015
Buyback of shares

July 29, 2015
Buyback of shares

July 30, 2015
Buyback of shares

July 31, 2015
Buyback of shares

August 3, 2015
Buyback of shares

August 4, 2015
Buyback of shares

August 5, 2015
Buyback of shares

August 6, 2015
Buyback of shares

August 7, 2015
Buyback of shares

August 10, 2015
Buyback of shares

August 11, 2015
Buyback of shares

August 12, 2015
Buyback of shares/ Press Release

August 13, 2015
Buyback of shares

August 14, 2015
Buyback of shares

August 17, 2015
Buyback of shares/ Proof of Publication - Notice of Special Stockholders' Meeting

August 18, 2015
Buyback of shares

August 19, 2015
Buyback of shares

August 20, 2015
Buyback of shares

August 24, 2015
Buyback of shares

August 25, 2015
Buyback of shares

August 26, 2015
Buyback of shares

August 27, 2015
Buyback of shares

August 28, 2015
Buyback of shares/ Stockholders' Meeting Resolution

September 1, 2015
Buyback of shares

September 2, 2015
Buyback of shares

September 3, 2015
Buyback of shares

September 4, 2015
Buyback of shares

September 7, 2015
Buyback of shares

September 8, 2015
Buyback of shares

September 9, 2015
Buyback of shares

September 10, 2015
Buyback of shares

September 11, 2015
Buyback of shares

September 14, 2015
Buyback of shares

September 15, 2015
Buyback of shares/ Cash Dividend Declaration

September 16, 2015
Buyback of shares

September 17, 2015
Buyback of shares

September 18, 2015
Buyback of shares

September 21, 2015
Buyback of shares

September 22, 2015
Buyback of shares

September 23, 2015
Buyback of shares

September 24, 2015
Buyback of shares

September 28, 2015
Buyback of shares

September 29, 2015
Buyback of shares/ Press Release

September 30, 2015
Buyback of shares

October 1, 2015
Buyback of shares

October 2, 2015
Buyback of shares

October 5, 2015
Buyback of shares

October 6, 2015
Buyback of shares

October 7, 2015
Buyback of shares

October 8, 2015
Buyback of shares

October 9, 2015
Buyback of shares

October 12, 2015
Buyback of shares

October 13, 2015
Buyback of shares

October 14, 2015
Buyback of shares

October 15, 2015
Buyback of shares

October 16, 2015
Buyback of shares

October 19, 2015
Buyback of shares

October 20, 2015
Buyback of shares

October 21, 2015
Buyback of shares

October 22, 2015
Buyback of shares

October 23, 2015
Buyback of shares

October 26, 2015
Buyback of shares

October 27, 2015
Buyback of shares

November 10, 2015
BOD Meeting Resolution

November 16, 2015
Buyback of Shares

November 23, 2015
Buyback of Shares

<u>Reports on SEC Form 17-C, as amended (during the last 6 months)</u>

None

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in MANDALUYONG CITY on MAR 1 6 2016.

By:

MANUEL PAOLO A. VILLAR
President and Chief Executive Officer

GEMMA M. SANTOS
Corporate Secretary

CYNTHIA J. JAVAREZ
Controller/ Chief Financial Officer

LORELYN D. MERCADO
Vice President - Accounting

SUBSCRIBED AND SWORN to before me this MAR 1 6 2016 at MANDALUYONG CITY, affiants exhibiting to me their respective Passports, to wit:

Name	Passport No.	Date & Place of Issue
Manuel Paolo A. Villar	EB7324818	07 Feb 2013 / DFA Manila
Gemma M. Santos	EB8683785	16 Jul 2013 / DFA Manila
Cynthia J. Javarez	EC3842813	31 Mar 2015 / DFA Manila
Lorelyn D. Mercado	EC3964129	17 Apr 2015 / DFA Manila

ATTY. JO MARIE C. LAZARO-LIM
NOTARY PUBLIC
UNTIL DECEMBER 31, 2016
ROLL NO. 48438
IBP No. 1010715 / 05 Jan. '2016 / RSM
PTR No. 2599903 / 04 Jan. '2016 / Mandaluyong City
MCLE Compliance No. IV-0010805, issued dated 27 Dec. 2012
Notarial Commission Appointment No. 0254-15
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

Doc. No. 182
Page No. 38
Book No. VI
Series of 2016.

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED COMPANY FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

CONSOLIDATED COMPANY FINANCIAL STATEMENTS

Consolidated Statements of Financial Position as of December 31, 2015 and 2014

Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2015 and 2014

Consolidated Statements of Changes in Equity for the Years Ended December 31, 2015 and 2014

Consolidated Statements of Cash flows for the Years Ended December 31, 2015 and 2014

SUPPLEMENTARY SCHEDULES

Report of Independent Auditors on Supplementary Schedules

I. Supplementary schedules required by Annex 68-E

  A. Financial Assets (Current Marketable Equity and Debt Securities and Other Short-Term Cash Investments)
  B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
  C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
  D. Intangible Assets
  E. Long-term Debt
  F. Indebtedness to Related Parties
  G. Guarantees of Securities of Other Issuers
  H. Capital Stock

II. Schedule of all of the effective standards and interpretations (Part 1, 4J)

III. Reconciliation of Retained Earnings Available for Dividend Declaration (Part 1, 4C; Annex 68-C)

IV. Map of the relationships of the companies within the group (Part 1, 4H)

V. Schedule of Financial Ratios

VISTA LAND

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **Vista Land & Lifescapes, Inc. and Subsidiaries** is responsible for the preparation and fair presentation of the consolidated financial statements for the years ended December 31, 2015 and 2014, 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 consolidated 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.

Signed this ___________ day of MAR 16 2016 2016.

MANUEL B. VILLAR, JR.
Chairman of the Board

MANUEL PAOLO A. VILLAR
President and Chief Executive Officer

CYNTHIA J. JAVAREZ
Interim Chief Financial Officer

SUBSCRIBED AND SWORN, to before me this MAR 16 2016 at MANDALUYONG CITY, affiants exhibiting to me their respective Passports, to wit:

Name	Passport No.	Date and Place of Issue
Manuel B Villar, Jr.	DE0011147	14 OCT 2014 / DFA MANILA
Manuel Paolo A. Villar	EB7324818	07 FEB 2013 / DFA MANILA
Cynthia J. Javarez	EC3842813	31 MAR 2015/ DFA MANILA

who has satisfactory proven to me their identities through their valid identification cards, and that they are the same persons who personally signed before me the foregoing and acknowledges that they executed the same.

ATTY. JO MARIE CLARABO-LIM
NOTARY PUBLIC
UNTIL DECEMBER 31, 2016
ROLL NO. 48438
IBP No. 1020715 / 05 Jan. 2016 / RSM
PTR No. 2599903 / 04 Jan. 2016 / Mandaluyong City
MCLE Compliance No. ..., issued dated 27 Dec. 2013
Notarial Commission Appointment No. 0254-15
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

Doc No. 174
Page No. 38
Book No. VII
Series of 2016.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 0 7 0 3 1 4 5

COMPANY NAME

VISTA LAND & LIFESCAPES, INC.
AND SUBSIDIARIES

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

3rd Level Starmall Las Piñas, CV Starr Avenue, Philamlife Village, Pamplona, Las Piñas City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
www.vistaland.com.ph	226 3552	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
979	6/15	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Cynthia J. Javarez	cindi_javarez@ vistaland.com.ph	226-3552 loc. 0098	0917-857-7447

CONTACT PERSON's ADDRESS

3rd Level Starmall Las Piñas, CV Starr Avenue, Philamlife Village, Pamplona, Las Piñas 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.*

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Vista Land & Lifescapes, Inc.
3rd Level Starmall Las Piñas
CV Starr Avenue, Philamlife Village
Pamplona, Las Piñas City

We have audited the accompanying consolidated financial statements of Vista Land & Lifescapes, Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2015, 2014 and 2013, and the consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 Vista Land & Lifescapes, Inc. 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, 2015 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado
Partner
CPA Certificate No. 89336
SEC Accreditation No. 0664-AR-2 (Group A),
March 26, 2014, valid until March 25, 2017
Tax Identification No. 160-302-865
BIR Accreditation No. 08-001998-73-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 5321688, January 4, 2016, Makati City

March 16, 2016

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Vista Land & Lifescapes, Inc.

We have audited the accompanying consolidated financial statements of Vista Land & Lifescapes, Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, and the consolidated 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.

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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.

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

Opinion

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SYCIP GORRES VELAYO & CO.

Michael C. Sabado
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February 27, 2015, valid until February 26, 2018
PTR No. 5321688, January 4, 2016, Makati City

March 16, 2016

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2015

Unappropriated retained earnings, beginning	₱24,593,203,951
Add (less):	
Net income during the year closed to retained earnings	7,031,723,340
Share in the accumulated earnings of subsidiaries not declared as dividends	(25,684,724,250)
Net income actually earned during the year	(18,653,000,910)
Less: Dividend declaration during the year	(1,141,148,609)
Treasury shares acquired	(919,504,288)
	(20,713,653,807)
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND DECLARATION	₱3,879,550,144

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31, 2015	December 31, 2014 (As restated, Note 7)	January 1, 2014 (As restated, Note 7)
ASSETS			
Current Assets			
Cash and cash equivalents (Notes 8, 32 and 33)	**₱6,043,056,436**	₱6,438,528,490	₱5,576,656,395
Short-term cash investments (Notes 9, 20, 32 and 33)	**2,097,301,354**	4,381,309,667	1,056,744,918
Receivables (Notes 10, 32 and 33)	**24,968,393,887**	21,040,921,363	19,614,504,253
Held-to-maturity (HTM) investments (Notes 9, 20, 32 and 33)	**–**	–	342,675,577
Receivables from related parties (Notes 30 and 32)	**3,425,750,173**	3,679,010,524	2,277,635,903
Real estate inventories (Note 11)	**22,855,688,651**	17,926,024,166	15,818,527,976
Other current assets (Note 12)	**3,814,635,967**	2,829,099,076	2,037,464,754
Total Current Assets	**63,204,826,468**	56,294,893,286	46,724,209,776
Noncurrent Assets			
Investment properties (Notes 14 and 32)	**26,676,323,236**	16,311,974,728	12,199,197,968
Land and improvements (Note 13)	**27,864,677,850**	25,262,171,429	18,939,412,225
Noncurrent receivables (Notes 10, 32 and 33)	**9,286,067,234**	6,944,857,236	7,938,659,774
Long-term cash investments (Notes 9 and 32)	**–**	–	5,038,832,500
Available-for-sale (AFS) financial assets (Notes 9, 32 and 33)	**7,378,966,659**	7,020,845,610	2,270,998,417
HTM investments (Notes 9, 20, 32 and 33)	**13,521,560,251**	10,232,587,951	2,562,601,115
Investments and advances in project development costs (Note 16)	**2,854,925,126**	1,583,814,303	1,793,667,199
Property and equipment (Note 15)	**800,974,912**	476,076,353	389,608,356
Deferred tax assets - net (Note 29)	**290,024,057**	256,862,833	39,317,127
Other noncurrent assets (Notes 7 and 17)	**1,016,432,445**	603,443,129	572,055,593
Total Noncurrent Assets	**89,689,951,770**	68,692,633,572	51,744,350,274
	₱152,894,778,238	₱124,987,526,858	₱98,468,560,050
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts and other payables (Notes 18, 32 and 33)	**₱11,208,248,722**	₱7,558,467,165	₱7,147,432,733
Customers' advances and deposits (Note 19)	**3,130,533,165**	3,267,648,809	2,214,262,715
Income tax payable	**158,201,953**	93,373,835	68,492,999
Dividends payable	**20,113,117**	113,861,214	27,328,974
Current portion of:			
Notes payable (Notes 15, 21, 32 and 33)	**4,652,684**	2,804,540,671	729,411,765
Bank loans (Notes 20, 32 and 33)	**3,360,953,001**	4,766,131,760	1,740,784,535
Loans payables (Notes 20, 32 and 33)	**574,356,966**	512,747,289	527,070,533
Total Current Liabilities	**18,457,059,608**	19,116,770,743	12,454,784,254

(Forward)

	December 31, 2015	December 31, 2014 (As restated, Note 7)	January 1, 2014 (As restated, Note 7)
Noncurrent Liabilities			
Bank loans - net of current portion (Notes 15, 20, 32 and 33)	**₱27,178,787,750**	₱9,107,493,267	₱8,491,873,312
Loans payable - net of current portion (Notes 20, 32 and 33)	**3,120,532,136**	2,180,079,355	2,622,105,683
Notes payable - net of current portion (Notes 21, 32 and 33)	**30,424,254,984**	25,938,162,926	12,824,903,522
Pension liabilities (Note 28)	**114,472,861**	311,995,688	222,758,072
Deferred tax liabilities - net (Note 29)	**1,537,167,122**	1,615,297,164	1,611,206,400
Other noncurrent liabilities (Notes 22 and 33)	**2,097,414,418**	2,460,487,306	1,126,407,667
Total Noncurrent Liabilities	**64,472,629,271**	41,613,515,706	26,899,254,656
Total Liabilities	**82,929,688,879**	60,730,286,449	39,354,038,910
Equity (Note 23)			
Attributable to equity holders of the Parent Company			
Common stock	**12,654,891,753**	8,538,740,614	8,538,740,614
Preferred stock	**33,000,000**	33,000,000	33,000,000
Additional paid-in capital	**29,470,640,861**	23,318,019,607	23,348,339,324
Deposit for future stock subscription (Note 7)	**–**	5,153,850,644	5,153,850,644
Other comprehensive income	**742,530,256**	(125,273,391)	(12,382,626)
Treasury shares	**(6,297,793,026)**	–	–
Retained earnings	**30,483,778,682**	24,593,203,951	19,449,565,542
	67,087,048,526	61,511,541,425	56,511,113,498
Non-controlling interest (Note 31)	**2,878,040,833**	2,745,698,984	2,603,407,642
Total Equity	**69,965,089,359**	64,257,240,409	59,114,521,140
	₱152,894,778,238	₱124,987,526,858	₱98,468,560,050

See accompanying Notes to Consolidated Financial Statements.

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2015	2014 (As restated, Note 7)	2013 (As restated, Note 7)
REVENUE			
Real estate	**₱24,502,151,823**	₱22,320,714,822	₱20,044,195,083
Rental income	**2,246,137,997**	1,526,986,643	1,332,174,535
Interest income from installment contracts receivable (Note 24)	**710,281,570**	760,648,667	728,256,840
Miscellaneous income (Note 25)	**1,230,995,403**	899,979,379	845,230,120
	28,689,566,793	25,508,329,511	22,949,856,578
COSTS AND EXPENSES			
Costs of real estate sales (Notes 11 and 26)	**12,253,889,631**	11,032,282,041	9,878,801,478
Operating expenses (Note 26)	**6,892,234,007**	6,454,862,537	5,811,427,100
	19,146,123,638	17,487,144,578	15,690,228,578
OTHER INCOME (EXPENSES)			
Interest income from investments (Note 24)	**592,984,716**	439,017,279	253,421,463
Interest and other financing charges (Note 24)	**(1,941,407,759)**	(1,403,040,478)	(1,362,433,114)
Others (Notes 9, 16, 21 and 27)	**(7,017,664)**	(29,286,094)	(36,742,765)
	(1,355,440,707)	(993,309,293)	(1,145,754,416)
INCOME BEFORE INCOME TAX	**8,188,002,448**	7,027,875,640	6,113,873,584
PROVISION FOR INCOME TAX (Note 29)	**1,000,999,492**	741,431,182	593,866,668
NET INCOME	**₱7,187,002,956**	₱6,286,444,458	₱5,520,006,916
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company	**₱7,031,723,340**	₱6,156,162,273	₱5,188,891,735
Noncontrolling interest (Note 31)	**155,279,616**	130,282,185	331,115,181
NET INCOME	**₱7,187,002,956**	₱6,286,444,458	₱5,520,006,916
EARNINGS PER SHARE FOR NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY – BASIC AND DILUTED (Notes 4, 7 and 31)	**₱0.622**	₱0.486	₱0.410

(Forward)

	Years Ended December 31		
	2015	2014 (As restated, Note 7)	2013 (As restated, Note 7)
NET INCOME	**₱7,187,002,956**	₱6,286,444,458	₱5,520,006,916
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:			
Cumulative translation adjustments	**40,073,509**	(11,847,958)	(3,137,348)
Changes in fair value of AFS financial assets (Note 9)	**572,270,026**	(50,694,522)	(81,968,175)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial gains (losses) on pension liabilities (Note 28)	**232,522,344**	(38,339,128)	35,884,409
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	**844,865,879**	(100,881,608)	(49,221,114)
TOTAL COMPREHENSIVE INCOME	**₱8,031,868,835**	₱6,185,562,850	₱5,470,785,802
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holder of the Parent Company	**₱8,054,806,602**	₱6,173,553,693	₱5,487,141,852
Non-controlling interest (Note 31)	**(22,937,767)**	12,009,157	(16,356,050)
	₱8,031,868,835	₱6,185,562,850	₱5,470,785,802

See accompanying Notes to Consolidated Financial Statements.

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 23)		Additional Paid-in	Deposit for future	Retained	Actuarial Gains (Losses) on Retirement	Cumulative	Other	Treasury	Non-	
	Common Stock	Preferred Stock	Capital (Note 23)	Subscription (Note 7)	Earnings (Note 23)	Obligation (Note 28)	Translation Adjustments	Comprehensive Income	Shares (Note 23)	Controlling Interest	Total
					For the Year Ended December 31, 2015						
Balances as at January 1, 2015, (As restated, Note 7)	**₱8,538,740,614**	**₱33,000,000**	**₱23,318,019,607**	**₱5,153,850,644**	**₱24,593,203,951**	**(₱758,928)**	**(₱14,985,306)**	**(₱109,529,157)**	**₱–**	**₱2,745,698,984**	**₱64,257,240,408**
Net income	–	–	–	–	**7,031,723,340**	–	–	–	–	**155,279,616**	**7,187,002,956**
Other comprehensive income	–	–	–	–	–	**255,460,111**	–	**572,270,026**	–	**(22,937,767)**	**804,792,370**
Exchange differences on translation	–	–	–	–	–	–	**40,073,509**	–	–	–	**40,073,509**
Total comprehensive income for the year	–	–	–	–	**7,031,723,340**	**255,460,111**	**40,073,509**	**572,270,026**	–	**132,341,849**	**8,031,868,835**
Treasury shares arising from acquisition (Note 7)	–	–	–	–	–	–	–	–	**(6,297,793,026)**	–	**(6,297,793,026)**
Cash dividend declared	–	–	–	–	**(1,141,148,609)**	–	–	–	–	–	**(1,141,148,609)**
Deposit for future stock subscription applied to capital stock, net of effect from acquisition (Note 7)	**4,116,151,139**	–	**6,152,621,254**	**(5,153,850,644)**	–	–	–	–	–	–	**5,114,921,749**
Balances as at December 31, 2015	**₱12,654,891,753**	**₱33,000,000**	**₱29,470,640,861**	**₱–**	**₱30,483,778,682**	**₱254,701,183**	**₱25,088,203**	**₱462,740,869**	**(₱6,297,793,026)**	**₱2,878,040,833**	**₱69,965,089,358**
					For the Year Ended December 31, 2014						
Balances as at January 1, 2014, (As restated, Note 7)	₱8,538,740,614	₱33,000,000	₱23,348,339,324	₱5,153,850,644	₱19,449,565,542	₱49,589,357	(₱3,137,348)	(₱58,834,635)	₱–	₱2,603,407,642	₱59,114,521,140
Net income	–	–	–	–	6,156,162,273	–	–	–	–	130,282,185	6,286,444,458
Other comprehensive income	–	–	–	–	–	(50,348,285)		(96,113,308)	–	12,009,157	(134,452,436)
Unrealized gains/losses reclassified to profit or loss	–	–	–	–	–	–	–	45,418,786	–	–	45,418,786
Exchange differences on translation	–	–	–	–	–	–	(11,847,958)	–	–	–	(11,847,958)
Total comprehensive income for the year	–	–	–	–	6,156,162,273	(50,348,285)	(11,847,958)	(50,694,522)	–	142,291,342	6,185,562,850
Cash dividends	–	–	–	–	(1,012,523,864)	–	–	–	–	–	(1,012,523,864)
Effect of acquisition on loss on disposal of Starmalls subsidiary (Note 7)	–	–	(30,319,717)	–	–	–	–	–	–	–	(30,319,717)
Balances as at December 31, 2014, as restated	₱8,538,740,614	₱33,000,000	₱23,318,019,607	₱5,153,850,644	₱24,593,203,951	(₱758,928)	(₱14,985,306)	(₱109,529,157)	₱–	₱2,745,698,984	₱64,257,240,409
					For the Year Ended December 31, 2013						
Balances as at January 1, 2013, (As restated, Note 7)	₱8,538,740,614	₱–	₱21,413,271,715	₱5,153,850,644	₱15,131,625,350	(₱2,791,817)	₱–	₱23,133,540	(₱1,488,828,278)	₱2,288,648,511	₱51,057,650,279
Net income	–	–	–	–	5,188,891,735	–	–	–	–	331,115,181	5,520,006,916
Unrealized gain reclassified to profit or loss	–	–	–	–	–	–	–	(25,663,240)	–	–	(25,663,240)
Other comprehensive income	–	–	–	–	–	52,381,174	–	(56,304,935)	–	(16,356,050)	(20,279,811)
Exchange differences on translation	–	–	–	–	–	–	(3,137,348)	–	–	–	(3,137,348)
Total comprehensive income	–	–	–	–	5,188,891,735	52,381,174	(3,137,348)	(81,968,175)	–	314,759,131	5,470,926,517
Issuance of treasury shares	–	–	1,935,067,609	–	–	–	–	–	1,488,828,278	–	3,423,895,887
Issuance of shares	–	33,000,000	–	–	–	–	–	–	–	–	33,000,000
Cash dividends	–	–	–	–	(870,951,543)	–	–	–	–	–	(870,951,543)
Balances as at December 31, 2013, as restated	₱8,538,740,614	₱33,000,000	₱23,348,339,324	₱5,153,850,644	₱19,449,565,542	₱49,589,357	(₱3,137,348)	(₱58,834,635)	₱–	₱2,603,407,642	₱59,114,521,140

See accompanying Notes to Consolidated Financial Statements.

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱8,188,002,448**	₱7,027,875,640	₱6,100,287,310
Adjustments for:			
Interest and other financing charges (Note 24)	**1,941,407,760**	1,403,040,478	1,362,433,114
Depreciation and amortization (Notes 14, 15, 17 and 26)	**798,919,810**	722,140,062	593,240,556
Provision for impairment losses on receivables (Note 26)	**50,544,672**	5,394,498	4,582,733
Unrealized foreign exchange losses (gains) (Note 27)	**7,017,664**	29,286,094	50,331,664
Equity in net loss of an associate and joint venture (Notes 16 and 27)		–	13,654,572
Interest income (Note 24)	**(1,303,266,286)**	(1,199,665,946)	(981,678,303)
Operating income before working capital changes	**9,682,626,068**	7,988,070,826	7,142,851,646
Decrease (increase) in:			
Receivables	**(6,025,802,211)**	(513,289,939)	(4,163,763,674)
Receivables from related parties	**404,987,421**	(1,388,527,355)	(2,979,624,768)
Real estate inventories	**2,485,895,127**	332,811,573	1,361,082,944
Other current assets	**(1,722,494,050)**	(1,536,570,684)	(659,582,720)
Increase (decrease) in:			
Accounts and other payables	**(537,348,127)**	1,774,904,197	1,078,236,645
Customers' advances and deposits	**(282,115,644)**	1,053,386,094	435,433,401
Pension liabilities (Note 28)	**57,937,284**	77,602,715	45,180,282
Net cash flows provided by operations	**4,063,685,868**	7,788,387,427	2,609,901,639
Interest received	**1,253,284,503**	1,199,665,946	981,678,303
Income tax paid	**(333,101,968)**	(206,121,596)	(69,416,267)
Interest paid	**(2,295,506,184)**	(1,104,751,879)	(1,362,433,114)
Net cash flows provided by operating activities	**2,688,362,219**	7,677,179,898	2,159,730,561
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from long-term cash investments		2,869,912,500	–
Proceeds from short-term cash investments	**4,381,309,667**	1,062,398,621	982,094,635
Proceeds from sale of available for sale securities	**297,152,115**		
Decrease (increase) in project development costs	**(1,271,110,823)**	209,852,896	(204,519,624)
Acquisition of short-term cash investments	**(2,097,301,354)**	(2,212,389,667)	(1,056,744,918)
Additions to land and improvements (Note 13)	**(6,659,305,848)**	(8,804,599,746)	(2,714,216,067)
Acquisitions of:			
Property and equipment (Note 15)	**(393,787,786)**	(344,770,688)	(172,858,032)
System development costs (Note 17)	**(35,148,803)**	(29,303,925)	(37,739,943)
Investment properties (Note 14)	**(11,019,720,166)**	(4,494,940,211)	(1,498,999,252)
AFS financial assets (Note 9)	**(88,606,466)**	(4,857,326,566)	(2,285,588,177)
Acquisition of a subsidiary – net of cash (Note 7)	**(144,174,203)**		
HTM investments (Note 9)	**(3,288,972,300)**	(7,361,033,567)	(2,905,276,692)
Increase in other noncurrent assets	**(263,120,034)**	(43,506,747)	(73,542,971)
Increase in other noncurrent liabilities	**579,142,861**	(105,070,995)	(555,538,481)

(Forward)

	Years Ended December 31		
	2015	2014	2013
Proceeds from disposal of an investment in associate	**₱□**	(₱30,319,717)	₱□
Net cash flows used in investing activities	**(20,003,643,141)**	(24,141,097,812)	(10,522,929,522)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Notes payable	**13,513,894,356**	15,680,639,361	4,404,618,734
Bank loans	**18,985,501,603**	6,941,424,549	6,990,779,155
Loans payable	**3,003,541,462**	1,561,411,044	2,149,055,868
Payments of:			
Notes payable	**(11,827,720,396)**	(623,623,917)	(762,103,824)
Loans payable	**(2,001,425,911)**	(2,017,760,616)	(1,800,120,673)
Bank loans	**(2,350,802,182)**	(3,297,709,304)	(3,119,575,779)
Payment of dividends declared (Note 23)	**(1,234,896,664)**	(925,991,622)	(853,031,055)
Sale (acquisition) of treasury shares (Notes 4 and 23)	**(919,504,289)**	□	3,423,895,887
Payment of shares issuance cost	**(241,761,447)**		
Proceeds from issuance of preferred shares (Note 23)	□	□	33,000,000
Net cash flows provided by financing activities	**16,926,826,531**	17,318,389,495	10,466,518,313
EFFECT OF CHANGE IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	**(7,017,664)**	7,400,514	22,388,414
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(395,472,054)**	861,872,094	2,125,707,766
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**6,438,528,490**	5,576,656,395	3,450,948,628
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 8)	**₱6,043,056,436**	₱6,438,528,490	₱5,576,656,394

See accompanying Notes to Consolidated Financial Statements.

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Vista Land & Lifescapes, Inc. (the Parent Company or VLLI) was incorporated in the Republic of the Philippines and registered with the Securities and Exchange Commission (SEC) on February 28, 2007. The Parent Company's registered office address and principal place of business is at 3rd Level Starmall Las Piñas, CV Starr Avenue, Pamplona, Las Piñas City. The Parent Company is a publicly-listed investment holding company which is 65.41% owned by Fine Properties, Inc. (ultimate Parent Company) and its subsidiaries, 34.59% owned by PCD Nominee Corporations and the other entities and individuals.

The Parent Company is the holding company of the Vista Group (the Vista Group or the Group) which is engaged in the development of residential subdivisions and construction of housing and condominium units. The Group has seven (7) wholly-owned subsidiaries, namely: Brittany Corporation (Brittany), Crown Asia Properties, Inc. (CAPI), Vista Residences, Inc. (VRI), Camella Homes, Inc. (CHI), Communities Philippines, Inc. (CPI), VLL International, Inc. (VII) and Prima Casa Land and Houses, Inc. (PCLHI). The Group offers a range of products from socialized and affordable housing to middle income and high-end subdivision house and lots and condominium projects.

On November 10, 2015, the Parent Company acquired Starmalls, Inc. and its subsidiaries (Starmalls Group), Masterpiece Asia Properties, Inc. (MAPI) and Manuela Corporation (MC). Accordingly, these became subsidiaries of the Parent Company. Starmalls Group is a major developer, owner and operator of retail malls that target mass market retail consumers in the Philippines and is an early mover in this market segment, focusing on locating in densely populated areas underserved by similar retail malls and located within close proximity to transport hubs and key infrastructure. It also develops and operates BPO commercial centers.

2. Basis of Preparation

The accompanying consolidated financial statements of the Group have been prepared on a historical cost basis, except for the available-for-sale (AFS) financial assets which have been measured at fair value. The consolidated financial statements are presented in Philippine Peso (₱) which is the functional and presentation currency of the Parent Company, and all amounts are rounded to the nearest Philippine Peso unless otherwise indicated.

Statement of Compliance
The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries (the Group) as at and for the years ended December 31, 2015, 2014 and 2013. The financial statements of the subsidiaries are prepared for the same reporting year as the Group, using consistent accounting policies.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Specifically, the financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not wholly-owned and are presented separately in the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of financial position, separately from the Parent Company's equity.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interest
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

This policy is in accordance with PFRS 10, Consolidated Financial Statements.

The Group's consolidated financial statements comprise the financial statements of the Parent Company and the following subsidiaries:

	Percentage of Ownership		
	2015	2014	2013
Brittany	100.00%	100.00%	100.00%
CAPI	100.00	100.00	100.00
VRI	100.00	100.00	100.00
Vista Leisure Club Corporation (*Incorporated in 2014*)	100.00	100.00	–
Malay Resorts Holdings, Inc. (*Acquired in 2015* - Note 7)	100.00	–	–
CHI	100.00	100.00	100.00
Household Development Corporation	100.00	100.00	100.00
Mandalay Resources Corp.	100.00	100.00	100.00
C&P International Limited	100.00	100.00	100.00
Brittany Estates Corporation (*Incorporated in 2014*)	100.00	100.00	–
PCLHI *	100.00	100.00	–
CPI	100.00	100.00	100.00
Communities Batangas, Inc.	100.00	100.00	100.00
Communities Bulacan, Inc.	100.00	100.00	100.00

	Percentage of Ownership		
	2015	2014	2013
Communities Cebu, Inc.	100.00%	100.00%	100.00%
Communities Cagayan, Inc.	100.00	100.00	100.00
Communities Davao, Inc.	100.00	100.00	100.00
Communities General Santos, Inc.	100.00	100.00	100.00
Communities Isabela, Inc.	100.00	100.00	100.00
Communities Leyte, Inc.	100.00	100.00	100.00
Communities Naga, Inc.	100.00	100.00	100.00
Communities Iloilo, Inc.	100.00	100.00	100.00
Communities Negros Occidental, Inc.	100.00	100.00	100.00
Communities Pampanga, Inc.	100.00	100.00	100.00
Communities Pangasinan, Inc.	100.00	100.00	100.00
Communities Tarlac, Inc.	100.00	100.00	100.00
Communities Zamboanga, Inc.	100.00	100.00	100.00
Communities Ilocos, Inc.	100.00	100.00	100.00
Communities Bohol, Inc.	100.00	100.00	100.00
Communities Quezon, Inc.	100.00	100.00	100.00
Communities Palawan, Inc.	100.00	100.00	100.00
Communities Panay, Inc.	100.00	100.00	100.00
VII	100.00	100.00	100.00
Starmalls, Inc. *(Acquired in 2015* - Note 7*)*	79.43	□	□
Manuela Corporation	100.00	□	□
Masterpiece Asia Properties, Inc.	98.40	□	□

**incorporated in 2012 and was previously classified under "Investments and advances in joint venture"*

With the exception of C&P International Limited and VII, which are located in Cayman Islands, the rest of the subsidiaries are all domiciled in the Philippines.

On December 29, 2015, the Parent Company acquired Malay Resorts Holdings, Inc. (Malay Resorts).

On November 10, 2015, the Parent Company acquired Starmalls, Inc., Masterpiece and Manuela (Starmalls Group).

After the acquisitions, Malay Resorts and Starmalls Group became subsidiaries of the Parent Company (See Note 7).

In 2014, PCLHI (the Company) became a wholly owned subsidiary of the Group. The carrying value of the net assets approximates its fair value at the time the Group obtained control over the Company.

In 2014, as part of its reorganization, the Group also acquired Brittany Estates Corporation (BEC) from Starmalls, Inc. The carrying value of BEC on date of purchase amounted to ₱507.16 million.

As discussed in Note 4, the functional currency of C&P International Limited and VII is the US$ Dollar. As of financial reporting date, the assets and liabilities of foreign subsidiaries, with functional currencies other than the functional currency of the Parent Company, are translated into the presentation currency of the Group using the closing foreign exchange rate prevailing at the financial reporting date, and their respective income and expenses at the weighted average rates for the year. The exchange differences arising on the translation are recognized in OCI as cumulative translation adjustments. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation shall be recognized in profit or loss in the consolidated statement of comprehensive income.

3. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new and amended PFRS and Philippine Interpretations which became effective beginning January 1, 2015. Except as otherwise indicated, the adoption of amended PFRS and Philippine Interpretations did not have any effect on the financial statements of the Group.

- PAS 19*, Employee Benefits - Defined Benefit Plans: Employee Contributions* (Amendments)
  PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. The amendments will have no impact on the Group's financial statements.

Annual Improvements to PFRSs (2010-2012 cycle)
The Annual Improvements to PFRSs (2010-2012 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Group.

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*
  This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

  - A performance condition must contain a service condition
  - A performance target must be met while the counterparty is rendering service
  - A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
  - A performance condition may be a market or non-market condition
  - If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

  This amendment will not be applicable to the Group as it has no share-based payments.

- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*
  The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39, Financial Instruments: Recognition and Measurement (or PFRS 9, Financial Instruments, if early adopted). The Group shall consider this amendment for future business combinations.

- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
  The amendments are applied retrospectively and clarify that:
  - An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
  - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

  The amendment will have no impact on the Group's financial position or performance.

- PAS 16, *Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation*
  The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. The amendment will have no impact on the Group's financial position or performance.

- PAS 24, *Related Party Disclosures - Key Management Personnel*
  The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendments will affect disclosures only and will have no impact on the Group's financial position or performance.

Annual Improvements to PFRSs (2011-2013 cycle)
The Annual Improvements to PFRSs (2010-2012 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Group.

- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*
  The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:

  - Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
  - This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

  The amendment will have no impact on the Group's financial position or performance.

- PFRS 13, *Fair Value Measurement – Portfolio Exception*
  The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39. The amendment will have no significant impact on the Group's financial position or performance.

- PAS 40, *Investment Property*
  The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment will have no significant impact on the Group's financial position or performance.

There are new and PFRS, amendments, annual improvements and interpretations to existing standards that are effective for periods subsequent to 2015 and these will be adopted on their effectivity dates in accordance with the transition provisions. Except as otherwise stated, these amendments and improvements to PFRS and new standards are not expected to have any significant impact on the Group's financial statements.

Effective January 1, 2016

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments)
  The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. The amendment will have no significant impact on the Group's financial position or performance.

- PAS 16, *Property, Plant and Equipment*, and PAS 41, *Agriculture - Bearer Plants* (Amendments)
  The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, Accounting for Government Grants and Disclosure of Government Assistance, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. The amendment will have no significant impact on the Group's financial position or performance.

- PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* (Amendments)
  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 PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. These amendments are not expected to have any impact to the Group.

- PFRS 10, *Consolidated Financial Statements and PAS 28, Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
  These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are effective from annual periods beginning on or after January 1, 2016. The amendment will have no significant impact on the Group's financial position or performance.

- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* (Amendments)
  The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

  The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group.

- PFRS 14, *Regulatory Deferral Accounts*
  PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Group is an existing PFRS preparer, this standard will not apply.

Annual Improvements to PFRSs (2012-2014 cycle)
The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material impact on the Group.

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*
  The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification. The amendment will have no significant impact on the Group's financial position or performance.

- PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*
  PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments. The amendment will have no significant impact on the Group's financial position or performance.

- PFRS 7 - *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
  This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report. The amendment will have no significant impact on the Group's financial position or performance.

- PAS 19, *Employee Benefits - regional market issue regarding discount rate*
  This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. The amendment will have no significant impact on the Group's financial position or performance.

- PAS 34, *Interim Financial Reporting - disclosure of information 'elsewhere in the interim financial report'*
  The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The amendment will have no significant impact on the Group's financial position or performance.

Effective January 1, 2018

- PFRS 9*, Financial Instruments* - Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version)
  PFRS 9 (2013 version) already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a derivative instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

PFRS 9 (2013 version) has no mandatory effective date. The mandatory effective date of January 1, 2018 was eventually set when the final version of PFRS 9 was adopted by the FRSC. The adoption of the final version of PFRS 9, however, is still for approval by BOA.

The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets but will have no impact on the classification and measurement of the Group's financial liabilities. The adoption will also have an effect on the Group's application of hedge accounting. The Group is currently assessing the impact of adopting this standard.

- PFRS 9, *Financial Instruments* (2014 or final version)
  In July 2014, the final version of PFRS 9, Financial Instruments, was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, Financial Instruments: Recognition and Measurement, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015.

  The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Group's financial liabilities. The adoption will also have an effect on the Group's application of hedge accounting. The Group is currently assessing the impact of adopting this standard.

The following new standard issued by the IASB has not yet been adopted by the FRSC

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, 2017 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.

Effective January 1, 2019

IFRS 16, *Leases*
On January 13, 2016, the International Accounting Standards Board (IASB) issued its new standard, IFRS 16, Leases, which replaces International Accounting Standards (IAS) 17, the current leases standard, and the related Interpretations.

Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with IAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases in their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or 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 IAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

The new standard is effective for annual periods beginning on or after January 1, 2019. The Group is currently assessing the impact of the IFRS 16 and plans to adopt the new standard on the required effective date once adopted locally.

4. **Summary of Significant Accounting Policies**

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 (3) months or less from dates of placement and that are subject to an insignificant risk of changes in value.

Short-term and Long-term Cash Investments

Short-term cash investments consist of money market placements made for varying periods of more than three (3) months and up to twelve (12) months while long-term cash investments consist of money market placements made for varying periods of more than one (1) year. These investments earn interest at the respective short-term and long-term investment rates.

Financial Instruments

Date of recognition

The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date, which is the date when the Group commits to purchase or sell the asset.

Initial recognition of financial instruments

All financial assets and financial liabilities are initially recognized at fair value. Except for financial assets and liabilities at fair value through profit or loss (FVPL), the initial measurement of financial assets and liabilities include transaction costs. The Group classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, AFS financial assets, and loans and receivables.

The Group classifies its financial liabilities as financial liabilities at FVPL or other financial liabilities.

The classification depends on the purpose for which the investments were acquired and whether these are quoted in an active market. The financial assets of the Group are of the nature of loans and receivable, AFS financial assets and HTM financial assets, while its financial liabilities are of the nature of other financial liabilities. Management determines the classification at initial recognition and re-evaluates such designation, where allowed and appropriate, at every reporting date.

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

Determination of fair value
The fair value for financial instruments traded in active markets at the reporting date is based on its quoted market price or dealer price quotations without any deduction for transaction costs. When current bid and ask prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, option pricing models, and other relevant valuation models.

"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 profit or loss under "Interest income" and "Interest and other financing charges" accounts unless it qualifies for recognition as some other type of asset or liability. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss 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 amount.

Loans and receivables
Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as financial assets held-for-trading, designated as AFS or as financial assets at FVPL. Receivables are recognized initially at fair value, which normally pertains to the billable amount. After initial measurement, loans and receivables are subsequently measured at cost or at amortized cost using the effective interest method, less allowance for impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate (EIR). The amortization, if any, is included in profit or loss. The losses arising from impairment of receivables are recognized in profit or loss. These financial assets are included in current assets if maturity is within twelve (12) months from the financial reporting date. Otherwise, these are classified as noncurrent assets.

This accounting policy applies primarily to the Group's cash and cash equivalents, short-term cash investments, long-term cash investments and receivables except for receivable from contractors and receivable from brokers.

HTM investments
HTM investments are quoted non-derivative financial assets with fixed or determinable payments and fixed maturities for which management has the positive intention and ability to hold to

maturity. Where the Group sells or reclassifies other than an insignificant amount of HTM investments, the entire category would be tainted and reclassified at fair value as AFS financial assets. After initial measurement, these financial assets are subsequently measured at amortized cost using the effective interest method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortization is included as part of interest income in the statement of comprehensive income. Gains and losses are recognized in profit or loss in the statement of comprehensive income when the HTM investments are derecognized. Any impairment losses are charged to current operations.

As of December 31, 2015 and 2014, the Group has investments in HTM (Note 9).

AFS financial assets
AFS financial assets are nonderivative financial assets that are designated as such or do not qualify to be classified or designated as financial assets at FVPL, HTM investments or loans and receivables. These are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions.

After initial measurement, AFS financial assets are measured at fair value. The unrealized gains and losses arising from the fair valuation of AFS financial assets are excluded from reported earnings and are reported in OCI.

When the investment is disposed of, the cumulative gain or loss previously recognized in OCI is recognized as gain or loss on disposal in profit or loss. Where the Group holds more than one investment in the same security these are deemed to be disposed of on a first-in first-out basis. Interest earned on holding AFS financial assets are reported as interest income using the EIR. Dividends earned on holding AFS financial assets are recognized in profit or loss as part of miscellaneous income when the right to receive payment has been established. The losses arising from impairment of such investments are recognized as provisions for impairment losses in profit or loss.

When the fair value of AFS equity financial assets cannot be measured reliably because of lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair value of unquoted equity instruments, these investments are carried at cost, less any impairment losses.

As of December 31, 2015 and 2014, AFS financial assets comprise of unquoted and quoted debt and equity securities. The Group's AFS financial assets in quoted equity securities pertain to investments in fixed maturity bond fund while unquoted equity securities pertain to investments in preferred shares issued by utilities companies.

Other financial liabilities
Other financial liabilities are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR. Gains and losses are recognized in profit or loss when the liabilities are derecognized (redemption is a form of derecognition), as well as through the amortization process. Any effects of restatement of foreign currency-denominated liabilities are recognized in profit or loss.

The financial liabilities measured at cost are accounts and other payables and payable to related parties and other liabilities. The financial liabilities measured at amortized cost are bank loans, loans payable, liabilities for purchased land, long-term notes and notes payable.

Derecognition of Financial Assets and Financial Liabilities

Financial asset

A financial asset (or, where applicable, a part of a group of financial assets) is derecognized where: (a) the rights to receive cash flows from the assets have expired; (b) 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 (c) the Group has transferred its right to receive cash flows from the asset and either: (i) has transferred substantially all the risks and rewards of the asset, or (ii) has neither transferred nor retained 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 an asset or has entered into a pass-through arrangement, 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 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 liability

A financial liability is derecognized when the obligation under the liability is discharged or 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 profit or loss.

Impairment of Financial Assets

The Group assesses at each financial reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost

The Group first assesses whether an objective evidence of impairment exists individually for financial assets that are individually significant. If there is objective evidence that an impairment loss on a financial asset carried at amortized cost (i.e., loans and receivables or HTM investments) has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the assets original EIR (excluding future credit losses that have not been incurred). If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, the asset, together with the other assets that are not individually significant and were thus not individually assessed for impairment, is included in a group of financial assets with similar credit risk 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 or continues to be recognized are not included in a collective assessment of impairment.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of credit risk characteristics such as selling price of the lots and residential houses, past-due status and term.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged to profit or loss. Financial assets carried at amortized costs, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

AFS financial assets carried at fair value
In case of equity investments classified as AFS financial assets, impairment indicators would include a significant or prolonged decline in the fair value of the investments below their corresponding 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 OCI is removed from OCI and recognized in profit or loss. Reversals of impairment losses in respect of equity instruments classified as AFS financial assets are not recognized in the profit or loss. Increases in fair value after impairment are recognized directly in OCI.

AFS financial assets carried at cost
If there is an objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position 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.

Business Combination and Goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree’s identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with PAS 39 either in profit or loss or as a change to OCI. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss as bargain purchase gain.

Following initial recognition, goodwill is measured at cost less any accumulated impairment loss. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is allocated should:

- represent the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- not be larger than an operating segment determined in accordance with PFRS 8, *Operating Segments*.

Impairment is determined by assessing the recoverable amount of the CGU (or group of CGUs), to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the CGU retained. If the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the acquirer shall recognize immediately in the consolidated statement of income any excess remaining after reassessment.

PFRS 3 provides that if the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the acquirer shall account for the combination using those provisional values. The acquirer shall recognize any adjustments to those provisional values as a result of completing the initial accounting within twelve months of the acquisition date as follows: (i) the carrying amount of the identifiable asset, liability or contingent liability that is recognized or adjusted as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognized from that date;

(ii) goodwill or any gain recognized shall be adjusted by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted; and (iii) comparative information presented for the periods before the initial accounting for the combination is complete shall be presented as if the initial accounting has been completed from the acquisition date.

For business combinations under common control an entity can choose to account for the combinations using the acquisition method or pooling of interest method.

Under the pooling of interest method, the assets and liabilities of the combining entities are reflected at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination. No goodwill is recognized. The adjustments made, if any, are only to the extent to harmonize accounting policies within the Group.

At consolidation, any difference between the consideration paid or transferred and the equity acquired is reflected within equity. As applicable, the difference is recognized as part of the additional paid-in capital. For the business combination of Starmalls Group, the difference amounted to ₱22,859.08 million and recognized in the additional paid-in capital in 2015 (Note 7).

However, where an entity selects the acquisition method of accounting, the transaction must have substance from the perspective of the reporting entity. When evaluating whether the transaction has substance, the following factors are considered:

(a) the purpose of the transaction;
(b) the involvement of outside parties in the transaction, such as non-controlling interests or other third parties;
(c) whether or not the transaction is conducted at fair values;
(d) the existing activities of the entities involved in the transactions;
(e) whether or not it is bringing entities together into a "reporting entity" that didn't exist before; and
(f) where a new company is established, whether it is undertaken as an integral part of an IPO or spin-off or other change in control and significant change in ownership.

Under acquisition method, the Group can either measure the consideration transferred at the acquisition-date fair value of the consideration actually given or elect to impute an additional equity contribution to recognise total consideration equivalent to the fair value of the business received. Whichever method is adopted should be applied consistently, and the entity should disclose its chosen accounting policy.

Starmalls Group is under common control. Accordingly, the Group accounted the business combination of Starmalls Group in 2015 using the pooling of interest method (Note 7).

Malay Resorts is not under common control. Accordingly, the Group accounted the business combination of Malay Resorts in 2015 using the acquisition method where Goodwill, as provisionally determined, amounted to ₱147.27 million (Note 7).

<u>Real Estate Inventories</u>
Real estate inventories consist of subdivision land, residential houses and lots and condominium units for sale and development. These are properties acquired or being constructed for sale in the ordinary course of business rather than to be held for rental or capital appreciation. These are held as inventory and are measured at the lower of cost and net realizable value (NRV).

Cost includes:
- Acquisition cost of subdivision land;
- Amounts paid to contractors for construction and development of subdivision land and residential and condominium units; and
- Capitalized borrowing costs, planning and design costs, cost of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Nonrefundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less costs to complete and the estimated costs of sale. The carrying amount of inventories is reduced through the use of allowance account and the amount of loss is charged to profit or loss.

The cost of inventory recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs. The total costs are allocated pro-rata based on the relative size of the property sold.

Model House Accessories
Model house accessories are measured at the lower of cost and NRV.

Land and Improvements
Land and improvements consists of properties for future developments and are carried at the lower of cost or NRV. Costs include cost incurred for development and improvements of the properties. Upon start of development, the related cost of the land is transferred to real estate inventories.

Prepaid Expenses
Prepaid expenses are carried at cost less the amortized portion. These typically comprise prepayments for marketing fees, taxes and licenses, rentals and insurance.

Creditable Withholding Tax
This pertains to the tax withheld at source by the Group's customer and is creditable against the income tax liability of the Group.

Construction Materials
Construction materials are valued at the lower of cost or NRV. Cost is determined using the moving average method. NRV is the replacement cost.

Value-Added Tax (VAT)
The input value-added tax pertains to the 12% indirect tax paid by the Group in the course of the Group's trade or business on local purchase of goods or services.

Output VAT pertains to the 12% tax due on the local sale of goods or services by the Group.

If at the end of any taxable month, the output VAT exceeds the input VAT, the outstanding balance is included under "Accounts and other payables" account. If the input VAT exceeds the output VAT, the excess shall be carried over to the succeeding months and included under "Other current asset" account.

Investment Properties
Investment properties comprise completed property and property under construction or re-development that are held to earn rentals or for capital appreciation or both. Investment properties, except for 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.

Expenditures incurred after the investment property has been put in operation, such as repairs and maintenance costs, are normally charged against income in the period in which the costs are incurred.

Construction-in-progress (CIP) is stated at cost. This includes cost of construction and other direct costs. CIP is not depreciated until such time as the relevant assets are completed and put into operational use. Construction-in-progress are carried at cost and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete, and the property is ready for occupation.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives (EUL) of the assets, regardless of utilization. The EUL and the depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of investment properties.

The EUL of buildings and building improvements is 20 years.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in profit or loss in the year of retirement or disposal.

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

Property and Equipment
Property and equipment are carried at cost less accumulated depreciation and amortization and any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance are normally charged against operations in the period in which the costs are incurred.

Depreciation and amortization of property and equipment commences once the property and equipment are available for use and computed using the straight-line basis over the EUL of property and equipment as follows:

	Years
Building and building improvements	10-40
Transportation equipment	2 to 5
Office furniture, fixtures and equipment	2 to 5
Construction equipment	2 to 5
Other fixed assets	1 to 5

Building improvements are amortized on a straight-line basis over the term of the lease or the EUL of the asset, whichever is shorter.

The useful lives and depreciation and amortization method are reviewed annually to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

When property and equipment are retired or otherwise disposed of, the cost of the related accumulated depreciation and amortization and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Fully depreciated and amortized property and equipment are retained in the accounts until they are no longer in use. No further depreciation and amortization is charged against current operations.

Investments in Project Development Costs
Investments in project development costs pertain to costs incurred on various on-going projects under the land development agreements (LDAs) entered into by the Group with individuals, corporate entities and related parties for the development of real estate projects.

Investment in a Joint Venture
Joint venture involves the establishment of a corporation, partnership or other entity in which the venture has an interest. A jointly controlled entity controls the assets of the joint venture, incurs liabilities and expenses and earns income. Each venture is entitled to a share of the results of the jointly controlled entity. The Group accounts for its share in the jointly controlled entity under the equity method.

Systems Development Costs
Costs associated with developing or maintaining computer software programs are recognized as expense as incurred. Costs that are directly associated with identifiable and unique software controlled by the Group and will generate economic benefits exceeding costs beyond one year, are recognized as intangible assets to be measured at cost less accumulated amortization and provision for impairment losses, if any.

System development costs recognized as assets are amortized using the straight-line method over their useful lives, but not exceeding a period of three years. Where an indication of impairment exists, the carrying amount of computer system development costs is assessed and written down immediately to its recoverable amount.

Impairment of Nonfinancial Assets
This accounting policy relates to property and equipment, investment properties, investment in an associate, investments in project development costs and a Joint Venture, model house accessories and systems development costs.

The Group assesses as at reporting date whether there is an indication that nonfinancial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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 assessment of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each financial reporting date as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. 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 and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as revaluation increase in OCI. After such reversal, the depreciation and amortization charge 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.

Equity
When the shares are sold at premium, the difference between the proceeds at the par value is credited to "Additional paid-in capital" account. Direct costs incurred related to equity issuance are chargeable to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

Retained earnings represent accumulated earnings of the Group less dividends declared. It includes the accumulated equity in undistributed earnings of consolidated subsidiaries which are not available for dividends until declared by the subsidiaries (Note 23).

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss 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 in additional paid-in capital. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

The retained earnings is restricted to payments of dividends to the extent of the cost of treasury shares (Note 23).

Treasury Shares
Own equity instruments which are acquired (treasury shares) are recognized at cost and deducted from equity. No gains or loss is recognized in the profit or loss on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments.

As of December 31, 2015, Starmalls Group hold shares of the Parent Company with a total cost of ₱5,378.29 million. At consolidation, the shares held by Starmalls Group are reflected as treasury shares, being Parent Company's own equity instruments.

In 2013, Starmalls Group held shares of the Parent Company which were disposed as of December 31, 2013. The proceeds from the sale were recognized as the difference between the consideration paid or transferred and the equity acquired which is reflected within equity. This was recognized as part of the additional paid-in capital in 2013 and this amounted to ₱3,423.90 million.

Revenue and Cost Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Real estate revenue
For real estate sales, the Group assesses whether it is probable that the economic benefits will flow to the Group when the sales prices are collectible. 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 give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the seller. Collectability is also assessed by considering factors such as the credit standing of the buyer, age and location of the property.

Revenue from sales of completed real estate projects is accounted for using the full accrual method. In accordance with Philippine Interpretations Committee, Q&A 2006-01, the percentage-of-completion (POC) method is used to recognize income from sales of projects 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 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.

Any excess of collections over the recognized receivables are included in the "Customers' advances and deposits" account in the liabilities section of the consolidated statement of financial position.

When a sale of real estate does not meet the requirements for revenue recognition, the sale is accounted for under the deposit method. Under this method, revenue is not recognized, and the receivable from the buyer is not recorded. The real estate inventories continue to be reported on the consolidated statement of financial position as "Real estate inventories" and the related liability as deposits under "Customers' advances and deposits".

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 its full development costs, which include estimated costs for future development works, as determined by the Group's in-house technical staff.

Income from forfeited reservations and collections
Income from forfeited reservation and collections is recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contracted sale. Such income is also recognized, subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act,* upon prescription of the period for the payment of required amortizations from defaulting buyers.

Rental income
Rental income from investment property is accounted for on a straight-line basis over the lease term.

Interest income
Interest is recognized using the effective interest method, i.e, the rate, that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Unearned discount is recognized as income over the terms of the financial assets at amortized cost (i.e., loans and receivables or HTM investments) using the effective interest method and is shown as deduction for the financial assets.

Dividend and miscellaneous income
Dividend and miscellaneous income are recognized when the Group's right to receive payment is established.

<u>Pension Cost</u>
Defined benefit plan
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, 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 (PUC) method.

Defined benefit costs comprise the following:

(a) service cost;
(b) net interest on the net defined benefit liability or asset; and
(c) remeasurements 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 profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

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 high quality corporate 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 profit or loss.

Remeasurements 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 OCI in the period in which they arise. Remeasurements 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).

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.

Income Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is provided using the liability method on temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax liabilities shall be recognized for all taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures when the timing of reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in foreseeable future. Otherwise, no deferred tax liability is set up.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefit of unused tax credits from excess of minimum corporate income tax (MCIT) over the regular corporate income tax and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from MCIT and NOLCO can be utilized.

Deferred tax assets shall be recognized for deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply in 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 reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss in the consolidated statement of comprehensive income. Deferred tax items recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

Commissions

The Group recognizes commissions when services are rendered by the broker. The commission expense is accrued upon receipt of down payment from the buyer comprising a substantial portion of the contract price and the capacity to pay and credit worthiness of buyers have been reasonably established for sales under the deferred cash payment arrangement.

Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets (included in “Real estate inventories” and “Investment properties” accounts in the consolidated statement of financial position). All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group’s weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment.

Interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment but only where activities necessary to prepare the asset for redevelopment are in progress.

Operating Expenses

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

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date, and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and 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; a renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
(b) there is a change in the determination of whether fulfillment is dependent on a specified asset; or
(c) there is a 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 any of the scenarios above, and at the date of renewal or extension period for the second scenario.

Group as a lessee

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in profit or loss in the statement of comprehensive income on a straight-line basis over the lease term. Indirect costs incurred in negotiating an operating lease are added to the carrying value of the leased asset and recognized over the lease term on the same bases as the lease income. Minimum lease payments are recognized on a straight-line basis while the variable rent is recognized as an expense based on the terms of the lease contract.

Group as a lessor

Leases where the lessor does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Foreign Currency Translation

Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Exchange gains or losses arising from foreign exchange transactions are credited to or charged against operations for the period.

The functional currency of C&P International Limited and VII is the US Dollar. As of reporting date, the assets and liabilities of foreign subsidiaries, with functional currencies other than the functional currency of the Parent Company, are translated into the presentation currency of the Group using the closing foreign exchange rate prevailing at the reporting date, and their respective income and expenses at the weighted average rates for the year. The exchange differences arising on the translation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation shall be recognized in profit or loss in the consolidated statement of comprehensive income.

Basic and Diluted Earnings Per Share (EPS)
Basic EPS is computed by dividing net income for the year attributable to common stockholders by the weighted average number of common shares issued and outstanding during the year adjusted for any subsequent stock dividends declared. Diluted EPS is computed by dividing net income for the year by the weighted average number of common shares issued and outstanding during the year after giving effect to assumed conversion of potential common shares. The calculation of diluted EPS does not assume conversion, exercise, or other issue of potential common shares that would have an antidilutive effect on earnings per share.

As of December 31, 2015, 2014 and 2013, the Group has no potential dilutive common shares (Note 31).

The basic and diluted EPS for the years ended December 31, 2014 and 2013 have been retroactively adjusted to take into consideration the effect of the pooling of interest method in accounting the acquisition of Starmalls Group (Notes 7 and 31).

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 operating segments is presented in Note 6 to the consolidated financial statements.

Provisions
Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessment of the time value of money and the risk specific to the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized only when the reimbursement is virtually certain. The expense relating to any provision is presented in statement of comprehensive income net of any reimbursement.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Events After the Financial Reporting Date
Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Any post year-end events that are not adjusting events are disclosed in the consolidated financial statements when material.

5. Significant Accounting Judgments and Estimates

The preparation of accompanying consolidated financial statements in compliance with PFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from such estimates.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

Revenue and cost recognition
Selecting an appropriate revenue recognition method for a particular real estate sale transaction requires certain judgments based on, among others:

- Buyer's commitment on the sale which may be ascertained through the significance of the buyer's initial investment; and
- Stage of completion of the project.

Collectability of the sales price
For real estate sales, in determining whether the sales prices are collectible, the Group considers that initial and continuing investments by the buyer of about 5% would demonstrate the buyer's commitment to pay.

Classification of financial instruments
The Group exercises judgment in classifying a financial instrument, or its component parts, on the 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 the financial instrument, rather than its legal form, governs its classification in the consolidated statement of financial position.

In addition, the Group classifies financial assets by evaluating, among other, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination of whether quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

The Group classifies certain quoted nonderivative financial assets with fixed or determinable payments and fixed maturities as HTM investments. This classification required significant judgment. In making this judgment, the group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity other than in certain specific circumstances, the Group will be required to reclassify the entire portfolio as AFS financial assets. Consequently, the investment would therefore be measured at fair value and not at amortized cost.

Distinction between real estate inventories and land and improvements
The Group determines whether a property will be classified as Real estate inventories or Land and improvements. In making this judgment, the Group considers whether the property will be sold in the normal operating cycle (Real estate inventories) 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 (Land and improvements). Land and improvements that are to be developed in the subsequent year are classified as part of the current assets.

Operating lease commitments - the Group as lessee
The Group has entered into contract of lease for some of the office space it occupies. The Group has determined that all significant risks and benefits of ownership on these properties will be retained by the lessor. In determining significant risks and benefits of ownership, the Group considered, among others, the significance of the lease term as compared with the EUL of the related asset. The Group accordingly accounted for these as operating leases.

Operating lease commitments - the 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 these properties as the Group considered among others the length of the lease term as compared with the EUL of the assets.

Classification of property as investment property or real estate inventories
The Group determines whether a property is classified as investment property or inventory property as follows:

- Investment property comprises land and buildings (principally offices, commercial and retail property) 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.

- Inventory comprises property that is held for sale in the ordinary course of business. Principally, this is residential and commercial property that the Group develops and intends to sell before or on completion of construction.

Distinction between investment properties and land and improvements
The Group determines a property as investment property if such is not intended for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. Land and improvements comprise property that is retained as part of the Group's strategic landbanking activities for development or sale in the medium or long-term.

Distinction between investment properties and owner-occupied properties
The Group determines whether a property qualifies as an 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 in the production or supply process.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or 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.

Contingencies
The Group is currently involved in various legal proceedings. The estimate of probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe that these proceedings will have a material effect on the Group's financial position (Note 36).

Business Combination
The Group determined that Starmalls and its subsidiaries are under common control and accounted the acquisition of Starmalls Group under the pooling of interest method. No goodwill is recognized (Note 7).

The Group determined that Malay Resorts is not under common control and accounted the acquisition of Malay Resorts under the acquisition method. The Group determines whether there are separate intangible assets and contingent liabilities and assessed that there are none at acquisition date. Goodwill arising from this business combination which was provisionally determined amounted to ₱147.27 million (Note 7).

Management's Use of Estimates
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, 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 policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue and costs. The Group's revenue from real estate is recognized based on the POC measured principally on the basis of the actual costs incurred to date over the estimated total costs of the project.

The related balances from real estate transactions follow:

	2015	2014	2013
Real estate sales	**₱24,502,151,823**	₱22,320,714,822	₱20,044,195,083
Costs of real estate sales (Notes 11 and 26)	**12,253,889,631**	11,032,282,041	9,878,801,478

Determining fair values of financial assets and liabilities
Fair value determinations for financial assets and liabilities are based generally on listed market prices or broker or dealer quotations. If prices are not readily determinable or if liquidating the positions is reasonably expected to affect market prices, fair value is based on either internal valuation models or management's estimate of amounts that could be realized under current market condition, assuming an orderly liquidation over a reasonable period of time. Fair value disclosures are provided in Note 32.

Determining fair values of assets acquired in a business combination
The Group determined the fair values of the assets of Malay Resorts by reference to the appraisal values as reported by an independent professional. The fair values are determined using the extent, character and utility of the assets, cost of reproduction, observed depreciation, sales and holding prices of similar properties and highest and best use of property.

The fair values represent best estimate at acquisition date. The Goodwill amounting ₱147.47 million is determined provisionally and may change upon the completion of the allocation of the acquisition cost to the fair values of assets and liabilities acquired.

Impairment of financial assets

(i) *AFS securities*
The Group determines that AFS securities are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. The Group treats 'significant' generally as 20% or more of the original cost of investment, and 'prolonged', greater than twelve (12) months. In making this judgment, the Group evaluates among other factors, the normal volatility in share price of similar equity securities.

In addition, in the case of unquoted equity securities, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, dismal industry and sector performance, adverse changes in technology, and negative operational and financing cash flows.

The carrying values of AFS financial assets pertaining to fixed maturity bond funds amounted to ₱7,287.71 million, ₱6,976.14 million and ₱2,229.50 million as of December 31, 2015, 2014 and 2013, respectively (Note 9).

(ii) *Loans and receivables*
The Group reviews its receivables on a periodic basis to assess impairment of receivables at an individual and collective level. In assessing for impairment, the Group determines whether there is any objective evidence indicating that there is a measurable decrease in the estimated future cash flows of its loans and receivables. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers, or industry-wide or local economic conditions that correlate with defaults on receivables. These factors include, but are not limited to age of balances, financial status of counterparties, payment behavior and known market factors. The Group reviews the age and status of receivables, and identifies individually significant accounts that are to be provided with allowance.

For the purpose of a collective evaluation of impairment, loans are grouped on the basis of such credit risk characteristics as type of borrower, collateral type, past-due status and term.

The amount and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for impairment would increase recorded expenses and decrease net income.

Loans and receivables, net of allowance for impairment losses, amounted to ₱34,254.46 million and ₱27,985.78 million as of December 31, 2015 and 2014, respectively (Note 10). The allowance for impairment on loans and receivables amounted to ₱392.30 million and ₱347.15 million as of December 31, 2015 and 2014 respectively *(iii) HTM investments*

The Group assesses at end of each reporting period whether there is any objective evidence that its HTM investments is impaired. Objective evidence that a financial asset is impaired includes observable data that comes to the attention of the holder of the assets about the following loss events:

a. significant financial difficulty of the issuer or the obligor;
b. a breach of contract, such as a default or delinquency in interest or principal payments;
c. the lender, for the economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
d. it becoming probable that the borrower will enter bankruptcy or other financial reorganization;
e. the disappearance of an active market for that financial asset because of the financial difficulties; or
f. observable data indication that there is a measurable decrease in the estimated future cash flows ranging from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group.

HTM investments as of December 31, 2015 and 2014 amounted to ₱13,521.56 million and ₱10,232.59 million, respectively (Note 9).

Estimating allowance for impairment losses on receivables

The Group maintains allowances for impairment losses based on the results of the individual and collective assessments under PAS 39. For both individual and collective assessment, the Group is required to obtain the present value of estimated cash flows using the receivable's original EIR. The estimated cash flows considers the management's estimate of proceeds from the disposal of the collateral less cost to repair, cost to sell and return of deposit due to the defaulting party. The cost to repair and cost to sell are based on historical experience. The methodology and assumptions used for the individual and collective assessments are based on management's judgments and estimates made for the year. Therefore, the amount and timing of recorded expense for any period would differ depending on the judgments and estimates made for the year. The balance of the Group's receivables, net of allowance for impairment loss, amounted to ₱34,014.46 million and ₱27,985.78 million as of December 31, 2015 and 2014, respectively (Note 10).

Evaluation of net realizable value of real estate inventories and land and improvements

Real estate inventories and land and improvements are valued at the lower of cost or NRV. This requires the Group to make an estimate of the real estate for sale inventories and land and improvements' estimated selling price in the ordinary course of business, cost of completion and costs necessary to make a sale to determine the NRV. The Group adjusts the cost of its real estate inventories and land and improvements to NRV based on its assessment of the recoverability of these assets. In determining the recoverability of these assets, management considers whether these assets are damaged, if their selling prices have declined and management's plan in discontinuing the real estate projects. Estimated selling price is derived from publicly available market data and historical experience, while estimated selling costs are basically commission expense based on historical experience. Management would also obtain the services of an independent appraiser to determine the fair value of undeveloped land based on the latest selling prices of the properties of the same characteristics of the land and improvements.

Real estate inventories amounted to ₱22,855.69 million, ₱17,926 .02 million and ₱15,818.53 million as of December 31, 2015, 2014 and 2013, respectively (Note 11). Land and improvements amounted to ₱27,864.68 and ₱25,262.17 million, and ₱18,939.41 million as of December 31, 2015, 2014 and 2013, respectively (Note 13).

Evaluation of impairment
The Group reviews investment in an associate, investments in project development costs, investment properties, property and equipment, system development costs and goodwill for impairment of value. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

The Group estimates the recoverable amount as the higher of the fair value les cost to sell and value in use. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that may affect investment in an associate, investments in project development costs, investment properties, property and equipment and system development cost.

The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Based on management assessment as of December 31, 2015, 2014 and 2013, no indicators of impairment exist for investment in associate, investments in project development costs and a joint venture, investment properties, property and equipment, and systems development costs.

The aggregate carrying values of investment properties, property and equipment, investments and advances in project development costs, system development costs and goodwill amounted to ₱30,499.86 million and ₱18,390.19 million as of December 31, 2015 and 2014, respectively (Notes 14, 15, 16 and 17).

Estimating useful lives of investment properties, property and equipment and systems development costs
The Group estimates the useful lives of property and equipment, investment properties and systems development cost based on the period over which the assets are expected to be available for use. The EUL of property and equipment, investment properties and system development cost are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these property and equipment. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned above.

The aggregate carrying value of investment properties, property and equipment and system development cost amounted to ₱27,497.51 million and ₱16,806.38 million as of December 31, 2015 and 2014, respectively (Notes 14, 15 and 17).

Recognizing deferred tax assets
The Group reviews the carrying amounts of deferred income taxes at each financial reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of deferred tax assets to be utilized. The Group looks at its projected performance in assessing the sufficiency of future taxable income.

As of December 31, 2015 and 2014 the Group has unrecognized deferred tax assets amounting ₱167.31 million and ₱1,187.33 million, respectively (Note 29).

Estimating pension obligation and other retirement benefits
The determination of the Group's pension liabilities is dependent on selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 28 and include among others, discount rates and rates of salary increase. While the Group believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect retirement obligations. See Note 28 to the consolidated financial statements for the related balances.

Fair value of financial instruments
Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility, and correlation. Certain financial assets and liabilities were initially recorded at its fair value by using the discounted cash flow methodology. See Note 32 to the consolidated financial statements for the related balances.

6. Segment Information

For management purposes, the Group's operating segments are organized and managed separately according to the nature of the products provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group has three reportable operating segments as follows:

Horizontal Projects
This segment pertains to the housing market segment of the Group. It caters on the development and sale of residential lots and units.

Vertical Projects
This segment caters on the development and sale of residential high-rise condominium projects across the Philippines. Vertical home projects involve dealing with longer gestation periods and has requirements that are different from those of horizontal homes.

Commercial and others
This segment pertains to the development, leasing and management of shopping malls and commercial centers all over the Philippines. It also includes activities from holding companies and others. This includes the financial information of Starmalls Group as a leasing entity.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segment operating income or loss before income tax and earnings before income tax, depreciation and amortization (EBITDA). Segment operating income or loss before income tax is based on the same accounting policies as consolidated operating income or loss. The Group has no intersegment revenues. No operating segments have been aggregated to form the above reportable operating business segments. The chief operating decision-maker (CODM) has been identified as the chief executive officer. The CODM reviews the Group's internal reports in order to assess performance of the Group.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The amount of segment assets and liabilities are based on the measurement principles that are similar with those used in measuring the assets and liabilities in the consolidated statements of financial position which is in accordance with PFRS. The segment assets are presented separately from the receivables from related parties, AFS financial assets, HTM investments and deferred taxes. Segment liabilities are presented separately from the payables to related parties and deferred tax liabilities.

The financial information about the operations of these business segments is summarized below:

	December 31, 2015				
	Horizontal	Vertical	Commercial and Others	Intersegment Adjustments	Consolidated
	(Amounts in Thousands)				
Real Estate Revenue	**₱20,156,987**	**₱4,345,165**	**₱–**	**₱–**	**₱24,502,152**
Costs and Operating Expenses*	**13,007,272**	**3,370,012**	**1,833,017**	**136,903**	**18,347,204**
Segment Income (Loss) Before Income Tax	**7,149,715**	**975,153**	**(1,833,017)**	**(136,903)**	**6,154,948**
Interest income (Note 24)	**683,143**	**30,355**	**589,768**	**–**	**1,303,266**
Miscellaneous income (Note 25)	**456,669**	**125,862**	**669,266**	**(20,801)**	**1,230,996**
Rental income	**64,109**	**–**	**2,224,337**	**(42,309)**	**2,246,137**
Others (Notes 9, 16, 21 and 27)	**194,205**	**–**	**5,743,291**	**(5,944,513)**	**(7,017)**
EBITDA	**8,547,841**	**1,131,370**	**7,393,645**	**(6,144,526)**	**10,928,330**
Depreciation and amortization (Notes 13, 14, 16 and 25)	**(222,441)**	**(76,619)**	**(499,860)**	□	**(798,920)**
Interest and other financing charges (Note 24)	**(156,103)**	**(179,005)**	**(3,118,895)**	**1,512,595**	**(1,941,408)**
Income before income tax	**8,169,297**	**875,746**	**3,774,890**	**(4,631,931)**	**8,188,002**
Provision for income tax (Note 29)	**913,068**	**30,593**	**412,431**	**(355,093)**	**1,000,999**
Net Income	**₱7,256,229**	**₱845,153**	**₱3,362,459**	**(₱4,276,838)**	**₱7,187,003**
Other Information					
Segment assets	**₱99,632,540**	**₱22,396,014**	**₱147,999,606**	**(₱83,107,803)**	**₱186,920,357**
Receivables from related parties (Notes 30 and 32)	**51,543,286**	**4,142,637**	**6,381,707**	**–**	**62,067,630**
AFS financial assets (Note 8)	**(3,803,394)**	**–**	**7,245,756**	**3,936,605**	**7,378,967**
HTM investments (Note 9)	**–**	**–**	**13,521,560**	**–**	**13,521,560**
Deferred tax assets - net (Note 29)	**–**	**–**	**–**	**–**	**290,024**
Total Assets	**₱147,662,456**	**₱26,538,651**	**₱175,148,629**	**(₱79,171,198)**	**₱270,178,538**
Segment liabilities	**₱72,133,655**	**₱4,783,689**	**₱63,788,518**	**(₱671,461)**	**₱140,034,401**
Payables to related parties (Notes 30 and 32)	**30,294,153**	**8,154,302**	**20,195,588**	**(2,163)**	**58,641,880**
Deferred tax liabilities - net (Note 29)	**1,507,071**	**321,459**	**39,314**	**(330,677)**	**1,537,167**
Total Liabilities	**₱103,934,879**	**₱13,259,450**	**₱84,023,420**	**(₱1,004,301)**	**₱200,213,448**
Capital expenditures**	**₱20,654,000**	**₱4,506,000**	**₱6,339,583**	**₱–**	**₱31,499,583**
Depreciation and amortization (Notes 14, 15, 17 and 26)	**222,440**	**76,619**	**499,860**	**–**	**798,919**
Provision for impairment losses (Note 26)	**–**	**–**	**50,545**	**–**	**50,5450**

**Cost and expenses include costs of real estate sales and operating expenses less depreciation and amortization amounting ₱798.92 million (Note 25).*
***Capital expenditures is inclusive of the amounts of construction/development costs.*

	December 31, 2014				
	Horizontal	Vertical	Commercial and Others	Intersegment Adjustments	Consolidated
	(Amounts in Thousands)				
Real Estate Revenue	₱18,315,172	₱ 4,089,990	₱–	(₱84,447)	₱22,320,715
Costs and Operating Expenses*	12,913,531	3,128,766	869,786	(147,078)	16,765,005
Segment Income (Loss) Before Income Tax	5,401,641	961,224	(869,786)	62,631	5,555,710
Interest income (Note 24)	750,857	37,630	411,842	(663)	1,199,666
Miscellaneous income (Note 25)	320,317	116,823	479,958	(17,118)	899,980
Rental income	–	–	1,526,987	–	1,526,987
Others (Notes 9, 16, 21 and 27)	(549,295)	–	2,989,841	(2,469,830)	(29,284)
EBITDA	5,923,520	1,115,677	4,538,842	(2,424,980)	9,153,059
Interest and other financing charges (Note 24)	1,116,554	(153,885)	(2,366,090)	381	(1,403,040)
Depreciation and amortization (Notes 13, 14, 16 and 25)	(198,295)	(68,878)	(454,977)	–	(722,140)
Income before income tax	4,608,671	892,914	1,717,783	(2,424,599)	7,027,879
Provision for income tax (Note 29)	483,176	78,626	176,630	(1)	741,431
Net Income	₱4,125,495	₱814,288	₱1,541,146	(₱2,424,598)	₱6,286,448
Other Information					
Segment assets	₱55,055,265	₱13,868,186	₱48,797,381	(₱13,827,453)	₱103,893,379
Receivables from related parties (Notes 29 and 31)	19,312,370	2,889,838	23,236,616	2,801,558	48,240,382
AFS financial assets (Note 8)	41,499	–	6,979,346	–	7,020,845
HTM investments (Note 8)	–	–	10,232,588	–	10,232,588
Deferred tax assets - net (Note 28)	256,863	–	–	–	256,863
Total Assets	₱74,665,997	₱16,758,024	₱89,245,931	(₱11,025,895)	₱169,644,057
Segment liabilities	₱9,766,947	₱4,619,757	₱44,333,667	₱433,030	₱59,153,401
Payables to related parties (Notes 29 and 31)	32,920,959	6,554,982	1,529,245	3,556,186	44,561,372
Deferred tax liabilities - net (Note 28)	1,108,167	382,658	124,473	–	1,615,298
Total Liabilities	₱43,796,073	₱11,557,397	₱45,987,385	₱3,989,216	₱105,330,071
Capital expenditures**	₱18,197,000	₱2,935,000	₱3,667	₱–	₱21,135,667
Depreciation and amortization (Notes 13, 14, 16 and 25)	198,295	68,878	454,967	–	722,140
Provision for impairment losses (Note 25)	5,394	–	–	–	5,394

**Cost and expenses include costs of real estate sales and operating expenses less depreciation and amortization amounting ₱722.14 million (Note 25).*
***Capital expenditures is inclusive of the amounts of construction/development costs.*

	December 31, 2013				
	Horizontal	Vertical	Commercial and Others	Intersegment Adjustments	Consolidated
	(Amounts in thousands)				
Real Estate Revenue	₱16,656,225	₱3,387,970	₱–	₱–	₱20,044,195
Costs and Operating Expenses*	12,011,321	2,175,849	892,898	16,920	15,096,988
Segment Income (Loss) Before Income Tax	4,644,904	1,212,121	(892,898)	(16,920)	4,947,207
Interest income (Note 24)	678,565	36,457	266,656	–	981,678
Rental Income	–	–	1,332,175	–	1,332,175
Miscellaneous income (Note 25)	360,246	112,452	389,700	(17,168)	845,230
Others (Notes 9, 16, 22 and 27)	1,131	–	3,767,157	(3,818,617)	(50,329)
EBITDA	5,684,846	1,361,030	4,862,790	(3,852,705)	8,055,961
Interest and other financing charges (Note 24)	(256,656)	(30,213)	(1,075,564)	–	(1,362,433)
Depreciation and amortization (Notes 13, 14, 16 and 25)	(175,439)	(39,846)	(377,956)	–	(593,241)
Income before income tax	5,252,751	1,290,971	3,409,270	(3,852,705)	6,100,287
Provision for income tax (Note 29)	(374,788)	(8,713)	(210,366)	–	(593,867)
Net Income	₱4,877,963	₱1,282,258	₱3,198,904	(₱3,852,705)	₱5,506,420
Other Information					
Segment assets	₱73,994,815	₱11,950,379	₱19,039,394	(₱13,666,580)	₱91,318,008
Receivables from related parties (Notes 30 and 32)	23,866,021	1,942,051	15,261,591	(6,132,916)	34,936,747
AFS financial assets (Note 9)	1,364,755	–	906,243	–	2,270,998
HTM investments (Note 9)	–	–	2,562,601	–	2,562,601
Deferred tax assets - net (Note 29)	37,239	–	2,078	–	39,317
Total Assets	₱99,262,830	₱13,892,430	₱37,771,907	(₱19,799,496)	₱131,127,671
Segment liabilities	₱26,008,143	₱2,521,072	₱ 9,213,690	₱–	₱37,742,905
Payables to related parties (Notes 30 and 32)	31,677,711	6,113,475	246,213	(5,378,289)	32,659,110
Deferred tax liabilities - net (Note 29)	1,207,644	237,070	166,493	–	1,611,207
Total Liabilities	₱58,893,498	₱8,871,617	₱9,626,396	(₱5,378,289)	₱72,013,222
Capital expenditures**	₱14,607,505	₱3,105,695	₱1,183,175	₱–	₱18,896,375
Depreciation and amortization (Notes 14, 15, 17 and 26)	175,439	39,846	377,956	–	593,241
Provision for impairment losses (Note 26)	1,329	–	3,254	–	4,583

**Cost and expenses include costs of real estate sales and operating expenses less depreciation and amortization amounting ₱197.78 million (Note 25).*
***Capital expenditures is inclusive of the amounts of construction/development costs.*

No operating segments have been aggregated to form the above reportable segments.

Capital expenditure consists of construction costs, land acquisition and land development costs.

The Group has no revenue from transactions with a single external customer amounting 10% or more of the Group's revenue.

7. Business Combinations

Acquisition of Starmalls Group

Starmalls, Inc. was incorporated in the Philippines and duly registered with the SEC on October 16, 1969, originally to pursue mineral exploration. After obtaining SEC approval, Starmalls, Inc. later changed its primary business and is now presently engaged in holding investments in shares of stock and real estate business. Prior to the acquisition of VLLI, Starmalls, Inc. is 30.5% owned by Fine Properties, Inc. and 69.5% owned by PCD Nominee Corporation and other entities and individuals. The shares of stock of Starmalls, Inc. are listed at the PSE.

Starmalls Group is a major developer, owner and operator of retail malls that target mass market retail consumers in the Philippines. It also develops and operates business process outsourcing ("BPO") commercial centers. As of December 31, 2015, Starmalls Group, through its subsidiaries, owned and operated 10 retail malls in key cities and municipalities in the Philippines and two BPO commercial centers in Metro Manila, with a combined gross floor area ("GFA") of 509,385 square meters.

On November 10, 2015, VLLI signed an agreement with the existing shareholders of Starmalls Group to acquire approximately 88.25% or 7,436.22 million shares of the outstanding capital stock of Starmalls, Inc. for a total consideration of ₱33,537.36 million. Starmalls, Inc. has subsidiaries namely Manuela Corporation and Masterpiece Asia Properties, Inc. with the following percentages of ownership:

Masterpiece Asia Properties, Inc. (MAPI)	100.0%
Manuela Corporation (Manuela)	98.4%

In December 2015, VLLI acquired 6,692.93 million shares of Starmalls, Inc. from the Fine Group for a total consideration of ₱30,185.11 million (the "First Closing Date"). The second closing date which is after the tender offer period in February 10, 2016, the Parent Company acquired the remaining 743.29 million shares of Starmalls, Inc. from the Fine Group in the amount of ₱3,352.25 million.

Upon execution of the agreement, VLLI paid ₱2,681.25 million to the Fine Group (the "Initial Sale Payment") which was applied against the consideration in the First Closing Date.

As a condition to the acquisition of Starmalls Group, Fine Group agreed to invest the 97.5% of the total consideration from the disposal or ₱32,698.93 million representing 4,573.28 million shares of VLLI at ₱7.15 per share. The shares will be issued out of VLLI's increase in its authorized capital stock which was applied and approved by the SEC on November 11, 2015.

As at December 31, 2015, VLLI completed its acquisition of Starmalls' shares representing 79.43% or 6.69 billion shares. Further, VLLI has a tender offer to acquire 989.73 million more shares from minority shareholders which started on January 4, 2016 and expired on February 15, 2016. After the tender offer, 6.97 million shares tendered or 0.08% of the total shares of Starmalls, Inc.

After the aforementioned transactions, Starmalls, Masterpiece and Manuela became subsidiaries of VLLI as at December 31, 2015.

As at February 24, 2016, VLLI completed its acquisition of the shares of Starmalls, Inc. representing 88.34% or 7.44 billion shares.

Both VLLI and Starmalls Group are entities under common control of Fine Group. Accordingly, VLLI accounted for the acquisition of Starmalls Group under the pooling-of-interest method of accounting.

Under the pooling-of-interest method, VLLI accounted the acquisition as follows:

- Assets and liabilities reflected as at reporting date is the combined assets and liabilities of Starmalls Group and Vista Group using their existing historical carrying values prior to the acquisition;
- Retained earnings reflects the accumulated earnings of Vista Group and the earnings of Starmalls Group as if the entities had always been combined;
- Capital stock represents the legal capital of VLLI;
- The difference between the consideration for the acquisition and the legal capital of Starmalls that amounted to ₱22,859.08 million is accounted for as "equity reserve" which was eventually closed to additional paid-in capital.

Below presents the condensed consolidated assets and liabilities of Starmalls Group at their book values as of and for the years ended December 31, 2014 and 2013, respectively.

	2014 (In thousands)	2013 (In thousands)
Cash and cash equivalents	₱1,571,505	₱1,044,094
Trade and non-trade receivables	5,114,830	4,070,971
Available for sale financial assets	343,861	906,243
Prepayments and other assets	461,934	712,202
Investment properties, property and equipment and land	10,923,794	7,960,092
Total Assets	18,415,924	14,693,602
Trade and other payables	1,139,830	1,346,911
Bank loans	4,899,151	1,771,576
Other liabilities	398,363	231,477
Total liabilities	6,437,344	3,349,964
Paid-up Capital	10,900,830	10,900,830
Treasury stock	(1,578,228)	(1,578,228)
Other comprehensive income	2,001	(56,381)
Retained earnings	2,518,184	1,956,249
Non-controlling interest	135,793	121,168
Total Equity	11,978,580	11,343,638
Total Liabilities and Equity	₱18,415,924	₱14,693,602

The related condensed statements of income for the years ended December 31, 2014 and 2013 follows:

	2014 (In thousands)	2013 (In thousands)
Rental income	₱1,415,741	₱1,271,395
Others	513,682	1,442,580
	1,929,423	2,713,975
Depreciation	427,197	358,185
Other costs and expenses	753,114	608,847
	1,180,311	967,032
Income before tax	749,112	1,746,943
Provision for income tax	172,228	181,584
Income after tax	₱576,884	₱1,565,359

As a result of the acquisition, the accounting policies of Starmalls Group have been realigned to Vista Group. Accordingly, the fair values previously recognized on the Property and equipment items and Investment Properties of the Starmalls Group have been adjusted under the pooling-of-interest method and brought back to cost. The related effects of the change in the assets and retained earnings accounts amounted to ₱8,993.29 million and ₱9,118.41 million as of and for the years ended December 31, 2014 and 2013. Also, net income for the years ended December 31, 2014 and 2013 have been adjusted to the extent of the depreciation on these assets and this amounted to ₱220.12 million in 2014 and 2013.

The consolidated financial statements as of and for the years ended December 31, 2014 and 2013 have been restated to include the accounts of Starmalls Group as if the entities had always been combined. The January 1, 2014 statement of financial condition has been presented for the opening balances at a combined basis using the same pooling-of-interest method.

For purposes of consolidation for the years ended December 31, 2014 and 2014 and as of January 1, 2014, the VLLI common shares issued to Fine Group have been recognized as deposit for future stock subscription in the statement of financial condition and statement of changes in equity.

Also, the 752.21 million VLLI shares in the amount of ₱5,378.29 million issued to Manuela which it held as of December 31, 2015 have been presented as treasury shares in the statement of financial position and statement of changes in equity as of and for the years ended December 31, 2015.

<u>Acquisition of Malay Resorts</u>
On December 29, 2015, Vista Leisure Club Corporation (a subsidiary of Vista Residences, Inc.) acquired 100% ownership of Malay Resorts for a total cash consideration of ₱157.00 million. Malay Resorts owns and operates the Boracay Sands Hotel.

The provisional fair values of the identifiable net assets and liabilities of Malay Resorts at the date of acquisition follow:

Acquisition cost	₱157,000,000
Identifiable assets and liabilities:	
Assets	
Cash and cash equivalents	12,825,797
Trade receivables	3,443,198
Property and equipment	166,829,102
Other assets	2,580,316
	185,678,413
Liabilities	
Accounts and other payables	31,693,123
Payable to related parties	119,841,731
Deferred tax liabilities - net	24,415,579
	175,950,433
Net assets acquired	₱9,727,980
Goodwill	₱147,272,020

The Goodwill is provisionally determined.

From the date of acquisition on December 29, 2015, the Group's share in the revenue and net loss of Malay Resorts amounted to nil. If the combination had taken place at the beginning of 2015, the Group's share in the revenue and net loss of Malay Resorts would have been ₱22.27 million and (₱6.39 million), respectively.

8. Cash and Cash Equivalents

This account consists of:

	2015	2014
Cash on hand	**₱24,794,371**	₱19,134,949
Cash in banks	**5,238,640,190**	5,306,531,971
Cash equivalents	**779,621,875**	1,112,861,570
	₱6,043,056,436	₱6,438,528,490

Cash in banks earns interest at the prevailing bank deposit rates. Cash equivalents are short-term, highly liquid investments that are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Group and earn interest as follows:

	2015	2014	2013
Philippine Peso	**1.00% to 2.00%**	0.25% to 4.00%	0.25% to5.00%
US Dollar	**1.38% to 2.00%**	0.25% to 1.25%	0.25% to1.50%

Interest earned from cash in banks and cash equivalents for the years ended December 31, 2015, 2014 and 2013 amounted to ₱41.52 million, ₱57.66 million and ₱51.20 million, respectively, (Note 24).

None of the cash and cash equivalents are used to secure the obligations of the Group.

9. Investments

Short-term cash investments

Short-term cash investments consist of money market placements with maturities of more than three (3) months up to one (1) year and earn annual interest at the respective short-term investment rates, as follows:

	2015	2014	2013
	₱2,097,301,354	₱4,381,309,667	₱1,056,744,918
Philippine Peso	**3.50% to 5.00%**	1.50% to 5.00%	5.00%
US Dollar	–	1.75% to 3.75%	1.75% to 4.00%

The short-term cash investments as of December 31, 2014 include cash proceeds from termination amounting ₱1,062.40 which were subsequently invested in 2015.

The US dollar denominated short-term cash investments amounted to US$93.59 million (₱4,185.24 million) as of December 31, 2014. There are no US dollar denominated short-term cash investments in 2015.

In 2014, the Group has terminated short-term and long-term cash investments amounting $20.00 million (₱873.18 million) and $113.50 million (₱2,837.07 million), respectively. The net cash proceeds from the termination amounted ₱882.00 million and ₱2,866.25 million, respectively.

Interest earned from short-term and long-term cash investments for the years ended December 31, 2015, 2014 and 2013 amounted to ₱41.13 million, ₱164.57 million and ₱286.97 million, respectively (Note 24).

AFS financial assets

This account consists of equity and debt securities as follow:

	2015	2014
Equity securities		
Quoted	**₱74,961,985**	₱ 340,656,543
Unquoted	**96,248,934**	44,703,353
Debt securities		
Quoted	**7,207,755,740**	6,635,485,714
	₱7,378,966,659	₱7,020,845,610

<u>Quoted securities</u>

This account consists of investments in fixed maturity bond funds and equity shares. As of December 31, 2015 and 2014, the investments have an aggregate fair value of ₱7,378.97 million and ₱7,020.85 million. The excess of fair value over costs as of December 31, 2015 amounted to ₱459.35 million and the excess of costs over fair value as of December 31, 2014 and 2013 amounted to ₱121.44 million and ₱8.59 million, respectively. This is shown under "Other comprehensive income" account in the equity section in the consolidated statements of financial position. The year on year movement in the market values of AFS investments are shown as part of "Changes in fair value of AFS financial assets" in the consolidated statement of comprehensive income.

The movements in the unrealized gain (losses) for the years ended December 31, 2015, 2014 and 2013 follows:

	2015	2014	2013
Balance at beginning of year	**(₱129,045,252)**	(78,352,564)	₱25,663,240
Changes in fair value of quoted AFS financial assets			
Equity securities	**6,542,443**	16,735,567	(47,710,869)
Debt securities	**572,270,026**	(112,847,041)	(8,594,066)
Fair value gain (loss) on available-for-sale financial asset reclassified to profit or loss	**(16,735,567)**	45,418,786	(47,710,869)
Balance at end of year	**₱433,031,650**	(₱129,045,252)	(₱78,352,564)

In 2015, 2014 and 2013, there is no disposal of AFS financial assets that will result to a gain or loss. Accordingly, no transfer from the cumulative changes in fair value of AFS financial assets to the profit or loss occurred in 2015, 2014 and 2013.

While these investments under debt securities are classified as AFS and recognized at fair value, the estimated yield to maturity (YTM) after three years is about ₱793.05 million or about 3.85% to 4.21% YTM. The cost of the AFS financial assets under debt securities as of December 31, 2015 and 2014 is ₱6,635.49 million and ₱7,207.02 million, respectively.
Details on the quoted debt securities follow:

	2015	2014
Balance at beginning of year	**₱6,635,485,714**	₱1,323,255,934
Acquisitions during the year	–	5,425,076,821
	6,635,485,714	6,748,332,755
Changes in fair value of AFS during the year	**572,270,026**	(112,847,041)
	7,207,755,740	6,635,485,714
Estimated yield to maturity	**793,046,204**	1,271,305,678
Estimated maturity value	**₱8,000,801,944**	₱7,906,791,392

The investments in fixed maturity bond funds are maturing in June 2017 and December 2018.

Unquoted equity securities
This account pertains to unlisted preferred shares in a public utility company which the Group will continue to carry as part of the infrastructure that it provides for its real estate development projects and other operations. These are carried at cost less impairment, if any. These amounted to ₱134.25 million and ₱44.70 million as of December 31, 2015 and 2014.

The movement in this account follows:

	2015	2014
Balance at beginning of year	**₱44,703,353**	₱44,703,353
Acquisitions during the year	**89,545,581**	–
Balance at end of year	**₱134,248,934**	₱44,703,353

HTM investments
This account consists of the Group's investments in various US dollar-denominated debt securities with annual interest rates ranging from 1.63% to 11.00%. Interest income from HTM investments amounted to ₱482.51 million, ₱244.14 million and ₱15.58 million in 2015, 2014 and 2013, respectively (Note 24).

In 2015 and 2014, no impairment losses were recognized on these investments.

The following presents the breakdown of debt securities classified as HTM investments by contractual maturity dates as of December 31, 2015.

	2015	2014
Due in one (1) year or less	**₱–**	₱–
Due after 1 year through five (5) years	**13,521,560,251**	10,232,587,951
Balance at end of year	**₱13,521,560,251**	₱10,232,587,951

The Group acquired additional HTM investments amounting US$62.75 million with annual interest ranging from 2.95% to 6.88% for the year ended December 31, 2015.

HTM investments amounting $305.00 million are used to secure the bank loan of the Parent Company amounting ₱12,200.00 million as of December 31, 2015. The fair value of the investments used as collateral amounted to ₱14,353.30 million (Note 20).

HTM investments amounting $37.50 million are used to secure the bank loan of the Parent Company amounting ₱1,500.00 million as of December 31, 2014. The fair value of the investments used as collateral amounted to ₱1,683.00 million (Note 20).

10. Receivables

This account consists of:

	2015	2014
Installment contracts receivable at amortized cost	**₱26,430,215,542**	₱21,794,894,649
Accrued interest receivable	**164,513,965**	152,474,587
Accounts receivable at amortized cost:		
Contractors	**3,767,663,294**	3,148,710,656
Buyers	**517,675,602**	662,225,175
Brokers	**205,757,420**	158,921,611
Others	**3,560,939,687**	2,415,380,136
	34,646,765,510	28,332,606,814
Less allowance for impairment losses	**(392,304,389)**	(347,154,215)
	34,254,461,121	27,985,452,599
Less noncurrent portion at amortized cost	**9,286,067,234**	6,944,857,236
	₱24,968,393,887	₱21,040,595,363

Installment contracts receivable at amortized cost
Installment contracts receivable consist of accounts collectible in equal monthly installments with various terms up to a maximum of fifteen (15) years. These are carried at amortized cost. The corresponding titles to the subdivision or condominium units sold under this arrangement are transferred to the buyers only upon full payment of the contract price. The installment contracts

receivable are interest-bearing except for those with installment terms within two years. Annual interest rates on installment contracts receivables range from 16.00% to 19.00%. Total interest income recognized amounted to ₱710.28 million, ₱760.65 million, and ₱637.48 million in 2015, 2014 and 2013, respectively (Note 24).

Accounts Receivable at amortized cost
The accounts receivables at amortized cost are non-interest bearing and collectible within one year. This consists of the following:

Receivable from contractors
Receivable from contractors are recouped from settlement of progress billings which occur within one year from the date the receivables arose.

Receivable from buyers
Receivables from buyers represent the share of the joint venture partners from the proceeds of real estate sale. The arrangement is covered by a marketing agreement that is separate and distinct from LDAs. These sales do not form part of the Group's revenue. Collections from buyers are remitted to the joint venture partners net of any marketing fees agreed by the parties.

Receivable from brokers
Receivable from brokers are recouped from progress billing settlement.

Others
Other receivables consist mainly of receivables from various individuals and private entities and other nontrade receivables. These are due and demandable.

Receivables amounting ₱392.30 million and ₱347.15 million as of December 31, 2015 and 2014, respectively, are provided with impairment losses. Details follow:

	Installment Contracts Receivable	Accounts Receivable	Total
At December 31, 2013	₱123,155,271	₱243,076,208	₱366,231,479
Addition (Note 2)	8,503,575	–	8,503,575
Provision for the year (Note 26)	5,394,498	–	5,394,498
Write-off	–	(32,975,337)	(32,975,337)
At December 31, 2014	**137,053,344**	**210,100,871**	**347,154,215**
Addition (Note 2)	**–**	**11,368,592**	**11,368,592**
Provision for the year (Note 26)	**–**	**50,544,672**	**50,544,672**
Write-off	**(16,763,090)**	**–**	**(16,763,090)**
At December 31, 2015	**₱120,290,254**	**₱272,014,135**	**₱392,304,389**

The impairment losses above pertain to individually impaired accounts. These are presented at gross amounts before directly deducting impairment allowance. No impairment losses resulted from performing collective impairment test.

In 2015 and 2014 installment contracts receivables with a total nominal amount of ₱2,971.39 million and ₱3,587.79 million, respectively, were recorded at amortized cost amounting ₱2,933.11 million and ₱3,566.62 million, respectively. These are installment contracts receivables that are to be collected in 2 years which are noninterest-bearing. The fair value upon initial recognition is derived using discounted cash flow model using the discount rates ranging from 1.20% to 5.80% for those recognized in 2015 and 2.01% to 3.09% for those recognized in 2014.

Interest income recognized from these receivables amounted to ₱37.94 million, ₱32.31 million, and ₱41.65 million in 2015, 2014 and 2013, respectively (Note 24). The unamortized discount amounted to ₱38.28 million and ₱21.18 million as of December 31, 2015 and 2014, respectively.

Movement in unamortized discount arising from noninterest-bearing receivables is as follows:

	2015	2014
Balance at beginning of year	**₱32,034,487**	₱19,197,578
Additions	**44,189,377**	34,289,133
Accretion (Note 24)	**(37,942,405)**	(32,307,635)
Balance at end of year	**₱38,281,459**	₱21,179,076

In 2015 and 2014, the Group entered into various purchase agreements with financial institutions whereby the Group sold its installment contracts receivables on a with recourse basis. The purchase agreements provide substitution of contracts that became in default. The Group still retains the sold receivables in the installment contracts receivables account and records the proceeds from these sales as loans payable (Note 20). The carrying value of installment contracts receivables sold and the corresponding loans payable amounted to ₱3,052.66 million and ₱3,003.54 million as of December 31, 2015. As of December 31, 2014, the carrying value of installment contracts receivables sold and the corresponding loans payable amounted to ₱3,587.79 million and ₱2,297.26 million, respectively. Receivables with a recourse basis are used as collateral to secure the corresponding loans payables obtained.

11. **Real Estate Inventories**

This account consists of:

	2015	2014
Balance at beginning of year	**₱17,926,024,166**	₱15,818,527,975
Construction/development costs incurred	**8,961,353,466**	8,112,810,006
Land costs transferred from land and improvements (Note 13)	**4,056,799,427**	2,187,785,444
Land acquired during the year	**2,519,233,798**	1,614,895,852
Borrowing costs capitalized (Note 24)	**1,646,167,425**	1,381,831,520
Other adjustments/reclassification and write down (Note 26)	–	(116,011,810)
Transfer to investment property (Note 14)	–	(41,532,780)
Cost of real estate sales (Note 26)	**(12,253,889,631)**	(11,032,282,041)
	₱22,855,688,651	₱17,926,024,166

The real estate inventories are carried at cost. There is no allowance to recognize amounts of inventories that are lower than cost in 2015 and 2014.

The breakdown of real estate inventories follows:

	2015	2014
Subdivision land for sale and development	**₱23,620,781,681**	₱20,975,146,994
Less reserve for land development costs	**7,242,443,575**	8,677,995,960
	16,378,338,106	12,297,151,034
Condominium units for sale and development	**5,173,097,242**	4,590,855,415
Residential house units for sale and development	**1,304,253,303**	1,038,017,717
	6,477,350,545	5,628,873,132
	₱22,855,688,651	₱17,926,024,166

Subdivision land for sale and development represents real estate subdivision projects in which the Group has been granted license to sell by the Housing and Land Use Regulatory Board of the Philippines. It also includes raw land inventories that are under development and those that are about to undergo development.

Real estate inventories recognized as cost of sales amounted to ₱12,253.89 million in 2015 ₱11,032.28 million in 2014 and ₱9,878.80 million in 2013, and are included as cost of real estate sales in the consolidated statements of comprehensive income (Note 26). Cost of real estate sales includes acquisition cost of subdivision land, amount paid to contractors, development costs, capitalized borrowing costs and other costs attributable to bringing the real estate inventories to its intended condition.

Construction and development costs represent approximately 75% to 85% of the cost of sales.

There was neither provision nor reversal of impairment losses recognized in 2015, 2014 and 2013.

Borrowing cost capitalized in 2015, 2014 and 2013 amounted to ₱1,646.17 million, ₱1,381.83 million and ₱585.50 million, respectively (Note 24). The capitalization rate used to determine the borrowing costs eligible for capitalization is 12.24% in 2015, 9.71% in 2014 and 8.41% in 2013.

Except as stated, there are no other real estate inventories used as collateral or pledged as security to secure the borrowings of the Group (Note 20).

12. Other Current Assets

This account consists of:

	2015	2014
Input VAT	**₱1,532,485,446**	₱ 839,271,307
Prepaid expenses	**1,051,203,303**	1,004,394,822
Creditable withholding taxes	**894,264,046**	806,740,529
Construction materials and others	**331,863,769**	174,701,505
Deposits for real estate purchases and others	**4,819,403**	3,990,913
	₱3,814,635,967	₱2,829,099,076

Prepaid expenses mainly include prepayments for marketing fees, taxes and licenses, rentals and insurance.

The Group will be able to apply the creditable withholding taxes against income tax payable. As of December 31, 2015 and 2014, the Group applied creditable withholding taxes amounting ₱738.82 million and ₱836.47 million, respectively.

The input VAT is applied against output VAT. The remaining balance is recoverable in future periods.

Deposits for real estate purchases substantially represent the Group's payments to real estate property owners for the acquisition of certain real estate properties. Although the terms of the agreements provided that the deeds of absolute sale for the subject properties are to be executed only upon fulfillment by both parties of certain undertakings and conditions, including the payment by the Group of the full contract prices of the real estate properties, the Group already has physical possession of the original transfer certificates of title of the said properties.

13. Land and Improvements

The rollforward analysis of this account follows:

	2015	2014
Balance at beginning of year	**₱25,262,171,429**	₱18,939,412,225
Acquisitions	**6,659,305,848**	8,804,599,746
Deconsolidation of subsidiary	**–**	(294,055,099)
Transfers (Note 11)	**(4,056,799,427)**	(2,187,785,443)
Balance at end of year	**₱27,864,677,850**	₱25,262,171,429

This account consists of properties for future development and carried at cost or NRV. There are no borrowing costs capitalized to these properties as development has not commenced. Transfers pertain to properties to be developed for sale and these are included under "Real estate inventories" account.

There are no land and improvements carried at NRV. The Group recorded no provision for impairment in 2015 and 2014.

The land and improvements are not used to secure the borrowings of the Group.

14. Investment Properties

Movement in this account follows:

<u>December 31, 2015</u>

	Land	**Building and Building Improvements**	**Construction in Progress**	**Total**
Cost				
Balance at beginning of year	**₱8,383,819,304**	**₱8,370,773,726**	**₱2,013,711,623**	**₱18,768,304,653**
Transfers (to) from:				
Property and equipment (Note 15)	**–**	**62,717,658**	**–**	**62,717,658**
Additions	**3,080,311,400**	**794,334,830**	**7,019,638,620**	**10,894,284,850**
Reclassifications	**–**	**1,105,974,711**	**(1,105,974,711)**	**–**
Balance at end of year	**11,464,130,704**	**10,333,800,925**	**7,927,375,532**	**29,725,307,161**

(Forward)

	Land	**Building and Building Improvements**	**Construction in Progress**	**Total**
Accumulated Depreciation and Amortization				
Balance at beginning of year	**₱–**	**₱2,456,329,924**	**₱–**	**₱2,456,329,924**
Depreciation and amortization (Note 26)	**–**	**592,654,001**	**–**	**592,654,001**
Balance at end of year	**–**	**3,048,983,925**	**–**	**3,048,983,925**
Net Book Value	**₱11,464,130,704**	**₱7,284,817,000**	**₱7,927,375,532**	**₱26,676,323,236**

	Land	Building and Building Improvements	Construction in Progress	Total
Cost				
Balance at beginning of year	₱7,197,019,381	₱6,206,610,532	₱818,957,545	₱14,222,587,458
Transfers (to) from:				
Real estate inventories (Note 11)	–	41,532,780	–	41,532,780
Property and equipment (Note 15)	–	12,093,074	–	12,093,074
Additions	1,186,799,923	910,853,976	2,397,286,312	4,494,940,211
Reclassifications	–	1,202,532,235	(1,202,532,235)	–
Elimination arising from disposed subsidiary	–	(2,848,871)	–	(2,848,871)
Balance at end of year	8,383,819,304	8,370,773,726	2,013,711,622	18,768,304,652
Accumulated Depreciation and Amortization				
Balance at beginning of year	–	2,023,389,490	–	2,023,389,490
Depreciation and amortization (Note 26)	–	434,507,313	–	434,507,313
Elimination arising from disposed subsidiary	–	(1,566,879)	–	(1,566,879)
Balance at end of year	–	2,456,329,924	–	2,456,329,924
Net Book Value	₱8,383,819,304	₱5,914,443,802	₱2,013,711,622	₱16,311,974,728

The investment properties consist mainly of land and commercial centers that are held to earn rental income. These include Evia Malls and Starmalls that are mostly located in the Greater Metro Manila area. The construction in progress represents capitalized costs arising from construction of commercial centers that are located in Taguig, Bulacan, Cebu, Cavite, Laguna, Las Piñas and Bataan.

Rental income earned from investment properties amounted to ₱2,246.14 million, ₱1,526.99 million and ₱1,332.17 million in 2015, 2014 and 2013, respectively (Note 25). Repairs and maintenance costs arising from investment properties amounted to ₱279.59 million, ₱231.46 million and ₱199.70 million for the years ended December 31, 2015, 2014 and 2013, respectively (Note 26). Cost of property operations amounted to ₱996.96 million, ₱904.76 million and ₱706.73 million for the years ended December 31, 2015, 2014 and 2013. For the terms and conditions on the lease, refer to Note 34.

Certain investment properties were used to secure bank loans of the Group (Note 20).

The Group has no restrictions on the realizability of its investment properties and no contractual obligations to either purchase or construct or develop investment properties or for repairs, maintenance and enhancements.

In 2015 and 2014, real estate inventories with book value amounting nil and ₱41.53 million, respectively, (Note 11), and property and equipment with book value amounting ₱62.72 million and ₱12.09 million, respectively, (Note 15), were transferred to investment properties as these are intended to be developed for commercial and retail purposes that are made available for leased to third parties. These are under construction and development as of December 31, 2015.

The fair value of the land amounted to ₱28,258.46 million as of December 31, 2015. This is based on the most recent selling price of similar property.

As of December 31, 2015 and 2014, the aggregate fair values of investment properties amounted to ₱45,023.81 million and ₱36,007.21 million, respectively. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

The valuation techniques adopted for the measurement of fair values are the market approach for the land and cost approach for the buildings and land improvements.

The market price per square meter of these investment properties ranged from ₱15,000 to ₱30,000. The estimated useful life on the investment properties other than land is twenty (20) to forty (40) years.

The percentage of completion of various constructions in progress ranges from 40% to 98% in 2015 and from 10% to 90% in 2014. These constructions in progress are due to be completed on various dates starting January 2014 up to June 2016. These are consisted of village centers, community malls, power center, lifestyle malls, office buildings and BPO centers.

The previously capitalized borrowing costs that were transferred from real estate inventories to investment properties in 2015, 2014 and 2013 amounted to nil, ₱265.99 million and nil, respectively. Borrowing costs capitalized for investment property in 2015 and 2014 amounted to ₱468.63 million and ₱97.91 million, respectively.

15. Property and Equipment

The rollforward analyses of this account follow:

December 31, 2015

	Land	Building and Building Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Construction Equipment	Other Fixed Assets	Total
Cost							
Balance at beginning of year	₱–	₱278,179,628	₱500,246,727	₱481,388,601	₱178,441,744	₱129,650,398	₱1,567,907,098
Additions	83,333,600	203,242,750	46,495,162	109,729,444	88,815,785	29,000,144	560,616,885
Transfers to investment properties (Note 14)	–	(34,628,923)	–	(3,911,325)	(20,512,741)	(3,664,669)	(62,717,658)
Balance at end of year	83,333,600	446,793,455	546,741,889	587,206,720	246,744,788	154,985,873	2,065,806,325
Accumulated Depreciation and Amortization							
Balance at beginning of year	–	160,350,322	361,798,676	408,919,197	81,851,715	78,910,834	1,091,830,744
Depreciation and amortization (Note 26)	–	68,987,960	23,559,988	54,805,702	1,252,973	24,394,049	173,000,672
Balance at end of year	–	229,338,282	385,358,664	463,724,899	83,104,688	103,304,883	1,264,831,416
Net Book Value	₱83,333,600	₱217,455,173	₱161,383,225	₱123,481,821	₱163,640,100	₱51,680,990	₱800,974,909

December 31, 2014

	Building and Building Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Construction Equipment	Other Fixed Assets	Total
Cost						
Balance at beginning of year	₱217,208,815	₱399,160,016	₱398,336,879	₱106,860,491	₱113,663,282	₱1,235,229,483
Additions	61,927,758	101,086,711	85,361,444	73,569,224	22,825,551	344,770,688
Transfers to investment properties (Note 14)	(956,945)		(2,309,723)	(1,987,971)	(6,838,436)	(12,093,075)
Balance at end of year	278,179,628	500,246,727	481,388,600	178,441,744	129,650,397	1,567,907,096
Accumulated Depreciation and Amortization						
Balance at beginning of year	142,857,195	271,126,136	319,457,998	61,320,123	50,859,677	845,621,129
Depreciation and amortization (Note 26)	17,493,127	90,672,540	89,461,198	20,531,592	28,051,157	246,209,614
Balance at end of year	160,350,322	361,798,676	408,919,196	81,851,715	78,910,834	1,091,830,743
Net Book Value	₱117,829,306	₱138,448,051	₱72,469,404	₱96,590,029	₱50,739,563	₱476,076,353

Depreciation and amortization expense charged to operations amounted to ₱606.84 million, ₱722.14 million and ₱593.24 million for the years ended December 31, 2015, 2014 and 2013 (Note 26).

As of December 31, 2015, 2014 and 2013, fully depreciated assets that are still actively in use amounted to ₱177.82 million, ₱154.75 million and ₱138.88 million, respectively.

The Group's transportation equipment with a carrying value of ₱103.99 and ₱92.07 million as of December 31, 2015, 2014 and 2013, respectively, were pledged as collateral under chattel mortgage to secure the car loans of the Group with various financial institutions (Note 20).

There are no other property and equipment items pledged or used as collateral to secure the liabilities of the group.

There are no temporary idle property and equipment items.

16. Investments and Advances in Project Development Costs

This account consists of interests in project development cost.

Investments in project development costs pertain to deposits, cash advances and other charges in connection with the Land Development Agreement (LDA) entered into by the Group with individuals, corporate entities and related parties for the development of real estate projects. The LDA provides, among others, the following: a) the Group will undertake the improvement, subdivision and development of the real estate project within a certain period as prescribed by the LDA, subject to certain conditions to be fulfilled by the real estate property owner; and b) the parties shall divide among themselves all saleable inventory of the real estate project in accordance with the ratio mutually agreed.

The following are the subsidiaries that have outstanding LDAs accounted for as investments and advances in project development costs:

Entity	Project	2015	2014
PCLHI	Horizontal	**₱885,837,030**	₱–
Brittany	Horizontal	**826,665,329**	743,889,319
CAPI	Horizontal	**588,857,179**	583,031,922
HDC	Horizontal	**243,341,136**	97,217,676
CPI	Horizontal	**221,854,452**	1,891,090
VRI	Vertical	**88,370,000**	157,784,296
		₱2,854,925,126	₱1,583,814,303

The amounts represent deposits to land owners.

The group has not incurred any contingent liabilities nor entered into any capital commitments in relation to its interest in a joint venture.

17. **Other Noncurrent Assets**

This account consists of:

	2015	2014
Deposits	**₱566,133,243**	₱320,935,154
Model house accessories at cost	**282,817,090**	264,181,549
Goodwill (Note 7)	**147,272,020**	–
Systems development costs - net of accumulated amortization	**20,210,092**	18,326,426
	₱1,016,432,445	₱603,443,129

Deposits include deposits for real estate purchases and deposits to utility companies which will either be applied or recouped against future billings or refunded upon completion of the real estate projects.

Such deposits are necessary for the construction and development of real estate projects of the Group.

The cost of model house accessories amounted to ₱282.82 million and ₱264.18 million as of December 31, 2015 and 2014, respectively.

The rollforward analyses of system development costs follow:

	2015	2014
Balance at beginning of year	**₱18,326,426**	₱30,445,636
Additions	**35,148,803**	29,303,925
Amortization (Note 26)	**(33,265,137)**	(41,423,135)
Balance at end of year	**₱20,210,092**	₱18,326,426

Amortization of system development costs amounted to ₱33.27 million, ₱41.42 million and ₱59.25 million and for the years ended December 31, 2015, 2014 and 2013, respectively, are included in the "Depreciation and amortization" account under "Operating expenses" in profit or loss (Note 26).

18. **Accounts and Other Payables**

This account consists of:

	2015	2014
Accounts payable - contractors	**₱3,142,057,973**	₱1,524,158,333
Liabilities for purchased land (Note 22)	**2,083,876,736**	1,660,022,456
Retentions payable	**1,088,054,189**	867,875,540
Accrued expenses	**1,421,137,175**	1,417,734,183
Accounts payable - suppliers	**1,069,720,751**	655,471,228
Deferred output tax	**469,616,216**	531,451,198
Commissions payable	**599,500,719**	525,752,411
Accounts payable - buyers	**122,946,304**	64,631,215
Accounts payable - broker	**5,441,375**	2,859,669
Accounts payable - others	**1,205,897,284**	308,510,932
	₱11,208,248,722	₱7,558,467,165

Liabilities for purchased land are payables to various real estate property sellers. Under the terms of the agreements executed by the Group covering the purchase of certain real estate properties, the titles of the subject properties shall be transferred to the Group only upon full payment of the real estate loans.

On various dates in 2015 and 2014 the Group acquired certain land properties which are payable over a period of one to five years. Such liabilities for purchased land with a nominal amount of ₱2.606.29 and ₱3,016.21 million in 2015 and 2014, respectively, were initially recorded at fair value resulting to a discount of ₱145.34 and ₱73.91 million, respectively.

The fair value of liabilities for purchased land is derived using the discounted cash flow model using the discount rate ranging from 2.67% to 4.59% with EIR ranging from 0.73% to 3.52%. The unamortized discount as of December 31, 2015 and 2014 amounted to ₱80.35 million and ₱106.33 million, respectively. The related accretion amounted to ₱64.99 million, ₱75.28 million and ₱25.55 million in 2015, 2014 and 2013, respectively (Note 24).

Accounts payable - contractors pertain to contractors' billings for services related to the development of various projects of the Group. These are expected to be settled within a year after the financial reporting date. Deposits and advances to contractors are recognized from the settlement amounts due to contractors. These are applied within one year from the date the deposits and advances were made.

Accrued expenses consist mainly of accruals for project cost estimate, interest, light and power, marketing costs, professional fees, postal and communication, supplies, repairs and maintenance, transportation and travel, security and insurance. Accruals for marketing costs amounted to ₱465.09 million and ₱473.19 million as of December 31, 2015 and 2014, respectively.

Retentions payable pertains to 10% retention from the contractors' progress billings which will be released after the completion of contractors' project. The 10% retention serves as a holdout amount withheld from the contractor to cover for back charges that may arise from quality issues in affected projects.

Commissions payable pertain to fees paid to brokers for services rendered.

Accounts payable - suppliers represent construction materials, marketing collaterals, office supplies and property and equipment ordered and delivered but not yet due. These are expected to be settled within a year after the recognition period.

Deferred output tax pertains to the VAT charged to the buyers on installment upon contracting but which were not yet collected as of reporting date. Further, upon collection on the installment receivables, the equivalent output tax is being included in the current VAT payable on the month where such collection is made.

Accounts payable - buyers pertain to refunds related to the cancellation of contract to sell agreement in which a reasonable refund is required by the Maceda Law and excess of payments for accounts settled by bank financing.

Others include amounts pertaining to other non-trade liabilities such as salaries related premiums, withholding taxes, VAT payable and dividends payable. The majority of this pertains to withholding taxes and VAT payable with amounts of ₱107.30 million and ₱111.88 million as of December 31, 2015 and 2014, respectively.

The accounts payable and other payables are noninterest-bearing and are expected to be settled within a year after the reporting date.

19. Customers' Advances and Deposits

This account consists of customers' reservation fees, downpayments and excess of collections over the recognized receivables based on POC.

The Group requires buyers of residential houses and lots to pay a minimum percentage of the total selling price before the two parties enter into a sale transaction. In relation to this, the customers' advances and deposits represent payment from buyers which have not reached the minimum required percentage. When the level of required payment is reached by the buyer, a sale is recognized and these deposits and downpayments will be applied against the related installment contracts receivable.
The excess of collections over the recognized receivables is applied against the POC in the succeeding years.

20. Bank Loans and Loans Payable

Bank Loans
Bank loans pertain to the borrowings of the Group from various local financial institutions. These bank loans are obtained to finance capital expenditures and for general corporate purposes.

Details follow:

	2015	2014
Parent company	**₱16,106,752,927**	₱6,946,362,012
Subsidiaries	**14,432,987,824**	6,927,263,015
	30,539,740,751	13,873,625,027
Less current portion	**3,360,953,001**	4,766,131,760
	₱27,178,787,750	₱9,107,493,267

In November 2015, the Company acquired Starmalls together with ₱10,748.25 million loans from various local banks. These loans bear fixed interest rates ranging from 4.50% to 7.25% per annum which are payable in 6 months to seven years. These loans are secured by selected investment properties amounting to ₱3,906.84 million.

In 2015, the Group obtained various peso-denominated bank loans from different local banks amounting ₱10,700.00 million with fixed interest rates ranging from 3.57% to 4.31% per annum. The loans are secured by a hold-out on the HTM investments of VII amounting US$305.00 million.

On September 11, 2014, the Group obtained a peso-denominated bank loan from a local bank amounting ₱1,500.00 million with interest of 4.25% per annum. The bank loan matured on August 4, 2015. This was fully paid upon maturity and was renewed. The loan is secured by a hold-out in the HTM investments amounting $37.50 million. On August 4, 2015, this loan was renewed and will mature on July 29, 2016. The loan is secured by the same HTM investments of VII amounting US$37.50 million.

In June 2013, the Group obtained unsecured ₱1,000.00 million and secured ₱5,000.00 million peso-denominated bank loans from local banks which bear annual fixed interest rate of 5.90% and 5.75%, respectively. The loans will mature in June 2018. The principal balance of the loans will be paid in twelve (12) and twenty (20) equal quarterly installments, respectively. The ₱5,000.00 million loan requires the VLLI to maintain current ratio of 1:1.75 and debt-service coverage ratio (DSCR) of 1:1.00.

On April 17, 2013, the Group entered into a bilateral loan agreement with local banks. A portion of the corporate notes was redeemed in 2013 and bank loans with principal amount of ₱1,700.00 million were issued during the year which bears annual fixed interest rate of 7.27%. The bank loan will mature on April 17, 2017. As of December 31, 2015 and 2014 the outstanding balance of the loans amounted to ₱600.00 million and ₱1,000.0 million respectively. These bilateral loan agreements are unsecured.

These bilateral loans are divided into three (3) banks with principal balances of ₱800.00 million (secured), ₱600.00 million (unsecured) and ₱300.00 million (unsecured), respectively. The bilateral loan with the principal balance of ₱800.00 million requires VLLI to maintain current ratio of 1:1.75, debt to equity ratio of 1:1.00 and debt-service coverage ratio (DSCR) of 1:1.00.

On December 9, 2010, the Group obtained a peso-denominated bank loan from a local bank amounting ₱1,600.00 million which bears annual fixed interest rate of 6.50% and matured on December 6, 2015. The loan is secured by a hold-out on the US dollar deposits amounting US$40.00 million (Note 9).

In addition to financial covenants, the bank loans of the Group provide for certain restrictions and requirements with respect to, among others, payment of dividends, incurrence of additional liabilities, investment and guaranties, mergers or consolidations or other material changes in their ownership, corporate set-up or management, acquisition of treasury stock, disposition and mortgage of assets. These restrictions and requirements were complied with by the Group as of December 31, 2015 and 2014.

Bank loans amounting ₱103.99 million and ₱28.11 million as of December 31, 2015 and 2014, respectively, were secured by a chattel mortgage on the Group's transportation equipment (Note 15).

Banks loans amounting ₱3,906.84 million and ₱9,748.25 million as of December 31, 2015 and 2014, respectively, were secured by a real estate mortgage on the Group's investment properties (Note 14).

Interest expense on bank loans amounted to ₱1,156.57 million, ₱1,217.61 million and ₱826.62 million in 2015, 2014 and 2013, respectively (Note 24).

Loans Payable
As discussed in Note 10 to the consolidated financial statements, loans payable pertain to the remaining balance of "Installment contracts receivable" of subsidiaries that were sold on a with recourse basis. These loans bear annual fixed interest rates ranging from 7.00% to 12.00% in 2015 and 2014, payable on equal monthly installments over a maximum period of 3 to 15 years. The installment contracts receivables serve as the collateral for the loans payable. These will mature on various dates beginning May 2012 up to December 2027.

21. Notes Payable

This account consists of:

	2015	2014
Dollar denominated bonds	**₱24,418,895,931**	₱21,729,985,388
Retail bonds	**4,916,337,512**	4,932,228,818
Corporate note facility	**1,089,021,541**	1,808,372,532
Homebuilder bonds	**4,652,684**	272,116,859
	30,428,907,668	28,742,703,597
Less current portion	**4,652,684**	2,804,540,671
	₱30,424,254,984	₱25,938,162,926

<u>Dollar Denominated Bonds</u>

<u>US$300.00 million Notes</u>
On June 18, 2015, the Group issued US$300.00 million notes with a term of (7) years from initial draw down date. The interest rate is 7.375% per annum payable semi-annually in arrears on June 18 and December 17 of each year beginning on December 17, 2015. Said notes were used to settle the US$125.00 million notes issued last April 2014. Some of the proceeds amounting US$181.68 million were used to settle outstanding notes payable. There are no properties owned by the Group that were pledged as collateral to this note.

Redemption at the option of the issuer
At any time the Issuer may on any one or more occasions redeem all or a part of the Notes, by giving notice, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest, if any, to, the date of redemption, subject to the rights of Noteholders on the relevant record date to receive interest due on the relevant interest payment date.

Covenants
The Notes provide for the Group to observe certain covenants including, among others, incurrence of additional debt; grant of security interest; payment of dividends; mergers, acquisitions and disposals; and certain other covenants. The incurrence test for additional debt requires the Group to have a proforma Fixed Charge Cover Ratio (FCCR) of not less than 2.5x. These were complied with by the Group as of December 31, 2015.

<u>US$350.00 million Notes</u>
On April 29, 2014, the Group issued unsecured US$225.00 million Notes due April 29, 2019 to refinance its debt and for general corporate purposes. The interest rate of 7.45% per annum is payable semi-annually in arrears on April 29 and October 29 of each year commencing on October 29, 2014.

On September 11, 2014, an additional unsecured note, with the same terms and conditions with the above notes, were issued by the Group amounting US$125.00 million. The notes were issued at 102% representing a yield to maturity of 6.935%.

The Notes are unconditionally and irrevocably guaranteed by the Parent Company and its subsidiaries. Other pertinent provisions of the Notes follow:

Redemption at the option of the issuer
At any time the Group may redeem all or part of the Notes, at a redemption price equal to 100% of the principal amount of the notes redeemed, plus the applicable premium as of, and accrued and unpaid interest, if any, to the date of the redemption, subject to the rights of note holders on the relevant record date to receive interest due on the relevant interest payment date.

Redemption upon a change of control
Unless the Notes are previously redeemed, repurchased and cancelled, the issuer will, no later than 30 days following a change of control make an offer to purchase all outstanding Notes at a purchase price equal to 101% of their principal amount together with accrued and unpaid interest, if any. Change of control includes the sale of all or substantially all the properties or assets of the issuer or its restricted subsidiaries.

Covenants
The Notes provide for the Group to observe certain covenants including, among others, incurrence of additional debt; grant of security interest; payment of dividends; mergers, acquisitions and disposals; and certain other covenants. The incurrence test for additional debt requires the Group to have a proforma Fixed Charge Cover Ratio (FCCR) of not less than 2.5x. These were complied with by the Group on December 31, 2015.

<u>US$150.34 million Notes</u>
On September 30, 2010, the Group issued unsecured US$100.00 million notes with a term of five (5) years from the issue date. The interest rate is 8.25% per annum payable semi-annually in arrears on March 30 and September 30 of each year commencing on March 30, 2011.

On March 30, 2011, an additional unsecured note, with the same terms and conditions with the above notes, were issued by the Group amounting US$75.00 million.

On June 19, 2012, the Group redeemed US$22.00 million out of the US$100.00 million notes.

On September 26, 2013, the Group redeemed US$2.66 million out of the US$75.00 million notes as part of the redemption at the option of the noteholders.

On April 7, 2014, the Group launched a tender offer to purchase any and all of the Notes due 2015 as part of its liability management. On April 22, 2014 the end of tender offer period, the Group has accepted valid tender offers representing 69.02% of the total outstanding Notes or an aggregate of $103.77 million in nominal amount. The settlement was made on April 29, 2014 at 104.50% purchase price. The outstanding balance after the tender offer amounted to $46.58 million.

As of December 31, 2015, the notes were fully paid.

The Notes are unconditionally and irrevocably guaranteed by the subsidiaries of the Group (Note 30). Other pertinent provisions of the Notes follow:

Redemption at the option of noteholders
At the option of any noteholder, the Group will redeem the portion of the US$ Note scheduled for redemption on September 30, 2013 at its principal amount. On September 26, 2013, the Group redeemed US$2.66 million of the notes as part of this redemption option.

Redemption at the option of the issuer
At any time prior to September 30, 2013, the Group may redeem up to 35% of the aggregate principal amount of the US Notes originally issued at a redemption price equal to 108.25% of the principal amount, plus accrued and unpaid interest, if any, to the date of redemption with the net cash proceeds of an equity offering; provided that: (i) at least 65% of the aggregate principal amount of US Notes originally issued remains outstanding immediately after the occurrence of such redemption and (ii) the redemption occurs within 60 days of the date of the closing of such equity offering. The Notes contains an equity clawback option. However, no derivative asset was recognized on the prepayment option since the possibility of an equity offering by the Group is remote. There was no redemption made prior to September 30, 2013.

Covenants
The Notes provide for the Group and its subsidiaries to observe certain covenants including, among others, incurrence of additional debt; grant of security interest; payment of dividends; mergers, acquisitions and disposals; and certain other covenants. The incurrence test for additional debt requires the Group to have a proforma Fixed Charge Cover Ratio (FCCR) of not less than 2.5x. These were complied with by the Group and its subsidiaries in 2015 and 2014.

<u>US$100.00 million Notes</u>
On October 4, 2013, VII issued unsecured US$100.00 million bonds with a term of five years from the issue date. The interest rate is 6.75% per annum payable semi-annually in arrears on April 4 and October 4 of each year commencing on April 4, 2014.

The Notes are unconditionally and irrevocably guaranteed by the Group and Subsidiaries. Other pertinent provisions of the Notes follow:

Redemption at the option of the issuer - equity clawback
At any time prior to September 30, 2013, the Group may redeem up to 35% of the aggregate principal amount of the US Notes originally issued at a redemption price equal to 106.75% of the principal amount, plus accrued and unpaid interest, if any, to the date of redemption with the net cash proceeds of an equity offering; provided that: (i) at least 65% of the aggregate principal amount of US Notes originally issued remains outstanding immediately after the occurrence of such redemption and (ii) the redemption occurs within 60 days of the date of the closing of such equity offering. The Notes contains an equity clawback option. However, no derivative asset was recognized on the prepayment option since the possibility of an equity offering by the Group is remote.

Redemption at the option of the issuer - early redemption
At any time the Group may redeem all or part of the Notes, at a redemption price equal to 100% of the principal amount of the notes redeemed, plus the applicable premium as of, and accrued and unpaid interest, if any, to the date of the redemption, subject to the rights of note holders on the relevant record date to receive interest due on the relevant interest payment date.

Covenants
The Notes provide for the Group to observe certain covenants including, among others, incurrence of additional debt; grant of security interest; payment of dividends; mergers, acquisitions and disposals; and certain other covenants. The incurrence test for additional debt requires the Group to have a proforma Fixed Charge Cover Ratio (FCCR) of not less than 2.5x. These were complied with by the Group as of December 31, 2015.

<u>Retail Bonds</u>
On May 9, 2014, the Group offered and issued unsecured fixed-rate Peso Retail Bonds with an aggregate principal amount of ₱3,000.00 million and an overallotment option of up to ₱2,000.00 million. The proceeds of the issuance shall be used to partially finance certain commercial development projects of CPI and its subsidiaries. There are no securities pledged as collateral for these bonds.

The offer is comprised of five year fixed rate bonds due on November 9, 2019 (Five Year Bonds) and seven year fixed rate bonds due on May 9, 2021 (Seven Year Bonds) with interest rate of 5.65% and 5.94% per annum, respectively. Interest on the Retail Bonds shall be payable quarterly in arrears starting on August 9, 2014 for the first interest payment date and on February 9, May 9, August 9 and November 9 each year for each subsequent interest payment date.

The Retail Bonds shall be repaid at maturity at par plus any outstanding interest, unless the Group exercises its early redemption option. The maturity date for the Five Year Bonds and Seven Year Bonds shall be on November 9, 2019 and on May 9, 2021, respectively.

Redemption at the option of the issuer
The Group may redeem in whole, the outstanding Retail Bonds on the following relevant dates. The amount payable to the bondholders upon the exercise of the early redemption option by the Group shall be calculated, based on the principal amount of Retail Bonds being redeemed, as the sum of: (i) accrued interest computed from the last interest payment date up to the relevant early redemption option date; and (ii) the product of the principal amount of the Retail Bonds being redeemed and the early redemption price in accordance with the following schedule:

a) Five Year Bonds:
   i. Three (3) years and six (6) months from issue date at early redemption price of 101.00%
   ii. Four (4) years from issue date at early redemption price of 100.50%

b) Seven Year Bonds:
   i. Five (5) years and six (6) months from issue date at early redemption price of 101.00%
   ii. Six (6) years from issue date at early redemption price of 100.50%

Covenants
The Retail Bonds provide for the Group to observe certain covenants including, among others, incurrence or guarantee of additional indebtedness; prepayment or redemption of subordinate debt and equity; making certain investments and capital expenditures; consolidation or merger with other entities; and certain other covenants. These were complied with by the Group as of December 31, 2015.

Corporate Note Facility
On April 20, 2012, the Group secured a Peso Corporate Note Facility of up to ₱4,500.00 million from certain financial institutions to fund the Group's on-going real estate development projects, to refinance or replace existing borrowings and for general corporate purposes. The Corporate Notes shall bear annual fixed interest rate based on applicable bench mark rate on drawdown date plus a certain spread and will mature five (5) years from drawdown date. There are no properties owned by the Group that are pledged as collateral for this specific note.

Covenants
The Corporate Note Facility provides for the Group to observe certain covenants including, among others, incurrence of additional debt; dividend restrictions; maintenance of financial ratios; granting of loans; and certain other covenants. The financial ratios are current ratio, debt to equity ratio, debt service coverage ratio and fixed charge coverage ratio which are to be maintained at 1.75, 1.50, 100 and 2.50, respectively. These were complied with by the Group as of December 31, 2015.

On May 17, 2013, the Group solicited consent from its existing bondholders to amend certain terms and conditions of the Notes. Holders of ₱1,700.00 million corporate notes facility exchanged and subscribed to bilateral loans.

Homebuilder Bonds
On November 16, 2012, the Group offered and issued to the public unsecured Homebuilder Peso bonds (the Bonds) of up to ₱2,500.00 million with an initial offering of ₱500.40 million for funding general corporate purposes. There are no properties pledged as collateral for the Homebuilder Bonds.

The first tranche was issued in equal monthly installments of up to ₱13.90 million over a period of thirty-six (36) months, commencing on November 16, 2012 at a fixed interest rate of 5.00% per annum and shall mature three (3) years from the initial issue date. As of December 31, 2015 and 2014, total bonds issued by the Parent Company amounted to ₱369.87 million and ₱131.16 million, respectively. On November 2015, the company paid out ₱362.97 million upon maturity. The carrying value of the bonds as of December 31, 2015 and 2014 amounted to ₱6.01 million and ₱272.12 million, respectively.
Other pertinent provisions of the bonds follow:

Redemption at the option of the issuer
At any time prior to November 16, 2015, the Group may redeem the bonds if the bondholder selects the application of payment for the purchase of the Group's property provided that: (i) early application of payment is only available to eligible bondholders allowed by law to purchase the selected property of the Group; (ii) the bondholder expresses his intention to apply the payment for the purchase of the Group's property through written notice to the Group; and (iii) the Group

approves the early application of payment. However, the bondholder can avail itself of this early application of payment only if: (i) such bondholder is able to fully pay or obtain firm bank or in-house financing; and (ii) the property of the bondholder's choice is from what the Group makes available to the bondholder to choose from.

Extension option
The bondholder may opt to extend the maturity of the bonds held and subscribe additional bonds for another twenty four (24) months, for and at the same monthly subscription payment, with the following terms:

- The first tranche of the bonds will have a maximum aggregate principal amount of ₱834.00 million, including any and all additional subscriptions;
- All subscriptions held by bondholders who exercised the extension option shall mature on the fifth (5th) anniversary of the initial issue date;
- Upon exercise of the extension option at least six (6) months prior to the initial maturity date, all subscriptions held shall bear interest on principal amount at a fixed rate of 6.75% per annum, applied prospectively from the initial maturity date to the extended maturity date; and
- Interest will not be compounded and shall be payable on the relevant maturity date or on the early redemption date, as may be applicable, less the amount of any applicable withholding taxes.

Interest expense on notes payable amounted to ₱2,354.93 million, ₱1,478.69 million and ₱1,082.37 million in 2015, 2014 and 2013, respectively (Note 24).

22. Other Noncurrent Liabilities

This account consists of:

	2015	2014
Liabilities for purchased land (Note 18)	**₱1,199,347,532**	₱2,206,550,322
Retentions payable (Note 18)	**614,073,575**	68,600,468
Deferred output tax	**283,993,311**	185,336,516
	₱2,097,414,418	₱2,460,487,306

The fair value of liabilities for purchased land is derived using the discounted cash flow model using the discount rate ranging from 2.67% to 4.59% with EIR ranging from 0.73% to 3.52%.

23. Equity

Capital Stock
The details of the Parent Company's capital stock follow:

	2015	2014	2013
Common			
Authorized shares	**17,900,000,000**	11,900,000,000	11,900,000,000
Par value per share	**₱1.00**	₱1.00	₱1.00
Issued shares	**12,654,891,753**	8,538,740,614	8,538,740,614
Treasury shares	**(₱919,504,288)**	₱–	₱–
Value of shares issued	**₱12,654,891,753**	₱8,538,740,614	₱8,538,740,614

	2015	2014	2013
Preferred			
Authorized shares	**10,000,000,000**	10,000,000,000	10,000,000,000
Par value per share	**₱0.01**	₱0.01	₱0.01
Issued shares	**3,300,000,000**	3,300,000,000	3,300,000,000
Value of shares issued	**₱33,000,000**	₱33,000,000	₱33,000,000

Common shares
In November 2015, the Securities and Exchange Commission approved the increase in the authorized capital stock of the Company from ₱12,000,000,000 divided into: (i) 11,900,000,000 common shares with par value of ₱1.00 per share, or an aggregate par value of ₱11,900,000,000; and (ii) 10,000,000,000 preferred shares with par value of ₱0.01 per share, or an aggregate par value of ₱100,000,000, to ₱18,000,000,000 divided into: (i) 17,900,000,000 common shares with par value of ₱1.00 per share, or an aggregate par value of ₱17,900,000,000; and (ii) 10,000,000,000 preferred shares with par value of ₱0.01 per share, or an aggregate par value of ₱100,000,000.

As December 31, 2015, the Company issued 4,116,151,139 common shares out of the increase in the authorized capital stock. The issuance of the common shares that amounted to ₱29,187.77 million, out of which additional paid-in capital amounted to ₱25,071.57 million. The issuance of the common shares pertains to the Company's acquisition of Starmalls Group (Note 7).

The common shares issued at ₱1.00 par value per share totaled ₱12,654,891,753, ₱8,538,740,614 and ₱8,538,740,614 for the years ended December 31, 2015, 2014 and 2013, respectively.

The movements in the Parent Company's outstanding number of common shares follow:

	2015	2014	2013
At January 1	**8,538,740,614**	8,538,740,614	8,404,830,614
Shares issued	**4,116,151,139**	–	133,910,000
At December 31	**12,654,891,753**	8,538,740,614	8,538,740,614

Preferred shares
On March 21, 2013, the Parent Company issued in favor of Fine Properties, Inc. ("Fine Properties"), 3,300.00 million new preferred shares out of the unissued portion of its authorized capital stock at par or an aggregate issue price of ₱33.00 million. The subscription price was fully paid on the same date.

The preferred shares are voting, non-cumulative, non-participating, non-convertible and non-redeemable. The BOD may determine the dividend rate which shall in no case be more than 10% per annum.

Registration Track Record
On July 26, 2007, the Parent Company launched its follow-on offer where a total of 8,538,740,614 common shares were offered at an offering price of ₱6.85 per share. The registration statement was approved on June 25, 2007. After the listing in 2007, there have been subsequent issuances on November 10, 2015 and December 22, 2015 covering a total of 4,116,151,139 shares. The Parent Company has 992 and 979 existing certified shareholders as of December 31, 2015 and 2014, respectively.

Treasury Shares
Treasury shares (147,867,100) of the Parent Company amounting ₱919.50 million represents the shares of stock held by the Parent Company, while treasury shares (752,208,215) amounting ₱5,378.29 million represents Parent Company stocks held by Manuela (Note 7). These treasury shares are recorded at cost.

On March 17, 2015, the BOD of the Parent Company approved the buyback of its common shares up to the extent of the total purchase price of ₱1.5 billion subject to the prevailing market price at the time of the buyback over a 24-month period but subject to periodic review by the management.

As of December 31, 2015, the Parent Company has bought back from the market a total of 147,867,100 shares or ₱919.50 million in value.

On June 15, 2011, the BOD of the Parent Company approved the buyback of its common shares up to the extent of the total purchase price of ₱1.5 billion subject to the prevailing market price at the time of the buyback over a 24-month period but subject to periodic review by the management. The treasury stocks acquired represent 133,910,000 common shares that amounted to ₱509.61 million.

On January 3, 2013, the Parent Company sold, as authorized by the BOD, all of its existing 133,910,000 treasury shares at ₱4.75 per share or ₱636.07 million. The cost of the treasury shares and the related additional paid-in capital recognized in 2013 amounted to ₱509.61 million and ₱126.47 million, respectively.

Retained Earnings
In accordance with SRC Rule No. 68, As Amended (2011), Annex 68-C, the Parent Company's retained earnings available for dividend declaration as of December 31, 2015, after reconciling items, amounted to ₱2,982.52 million.

Retained earnings include the accumulated equity in undistributed earnings of consolidated subsidiaries of ₱25,684.72 million, ₱20,430.27 million and in ₱21,642.01 million 2015, 2014 and 2013, respectively. These are not available for dividends until declared by the subsidiaries.

Also, the retained earnings is restricted to payments of dividends to the extent of cost of treasury shares in the amount of ₱919.50 million as of and for the year ended December 31, 2015.

Under the Tax Code of the Philippines, publicly listed companies are allowed to accumulate retained earnings in excess of capital stock and are exempt from improperly accumulated earnings tax. Nonetheless, the retained earnings available for dividend declaration, after reconciling items, as of and for the year ended December 31, 2015 amounted to ₱2,982.52 million, which is below the paid-up capital of ₱42,158.53 million. The paid up capital includes capital stock and additional paid-in capital of the Parent Company.

On September 15, 2014, the BOD approved the declaration of a regular cash dividend amounting ₱1,012.52 million or ₱0.119 per share, payable to all stockholders of record as of September 30, 2014. The said dividends were paid on October 24, 2014.

On September 11, 2013, the BOD approved the declaration of a regular cash dividend amounting ₱870.95 million or ₱0.102 per share, payable to all stockholders of record as of September 26, 2013. The said dividends were paid on October 22, 2013.

Capital Management

The primary objective of the Group's capital management policy is to ensure that debt and equity capital are mobilized efficiently to support business objectives and maximize shareholder value. The Group establishes the appropriate capital structure for each business line that properly reflects its premier credit rating and allows it the financial flexibility, while providing it sufficient cushion to absorb cyclical industry risks.

The Group considers debt as a stable source of funding. The Group lengthened the maturity profile of its debt portfolio and makes it a point to spread out its debt maturities by not having a significant percentage of its total debt maturing in a single year.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. It monitors capital using leverage ratios on both a gross debt and net debt basis. As of December 31, 2015, 2014 and 2013, the Group had the following ratios:

	2015	2014	2013
Current ratio	**342%**	295%	375%
Debt-to-equity ratio	**87%**	66%	40%
Net debt-to-equity ratio	**46%**	23%	12%
Asset-to-equity ratio	**219%**	194%	167%

As of December 31, 2015, 2014 and 2013, the Group had complied with all externally imposed capital requirements (Notes 20 and 21). No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2015, 2014 and 2013.

The Group considers as capital the equity attributable to equity holders of the Group.
The following table shows the component of the Group's equity which it manages as capital as of December 31, 2015, 2014 and 2013:

	2015	2014	2013
Total paid-up capital	**₱ 42,158,532,614**	₱31,889,760,221	₱31,920,079,938
Retained earnings	**30,483,778,682**	26,336,533,690	19,449,565,542
Non-controlling interest	**2,878,040,833**	2,745,698,984	2,603,407,642
Other comprehensive income (loss)	**742,530,256**	(125,273,391)	(12,382,626)
Deposit for future stocks subscription	**–**	5,153,850,644	5,153,850,644
Treasury shares	**(6,297,793,026)**	–	–
	₱69,965,089,359	₱66,000,570,148	₱69,965,089,359

Financial Risk Assessment

The Group's financial condition and operating results would not be materially affected by the current changes in liquidity, credit, interest, currency and market conditions.

Credit risks continue to be managed through defined credit policies and continuing monitoring of exposure to credit risks. The Group's base of counterparties remains diverse. As such, it is not exposed to large concentration of credit risk.

Exposure to changes in interest rates is reduced by regularly availing of short-term loans as it relates to its sold installment contracts receivables in order to cushion the impact of potential increase in loan interest rates.

Exposure to foreign currency holdings are as follows:

	2015	2014
Cash and cash equivalents	**US$48,806,149**	US$1,907,852
Short-term cash investments	–	93,587,606
AFS financial assets	**153,160,980**	148,378,482
HTM investments	**287,325,972**	223,814,579
Notes payable	**(518,888,566)**	(486,084,313)

Liquidity risk is addressed with long-term funding already locked in, while funds are placed on a short-term placement.

24. Interest Income and Interest and Other Financing Charges

Below are the details of interest income:

	2015	2014	2013
Installment contracts receivable	**₱672,339,166**	₱728,341,032	₱645,084,383
Accretion of unamortized discount (Note 10)	**37,942,405**	32,307,635	41,647,059
	710,281,571	760,648,667	686,731,442
Cash, short-term and long-term cash investments	**110,473,069**	196,873,219	279,367,103
HTM investments (Note 9)	**482,511,647**	242,144,060	15,579,758
	₱1,303,266,287	₱1,199,665,946	₱981,678,303

Interest and other financing charges consist of:

	2015	2014	2013
Interest expense on:			
Bank loans (Note 20)	**₱1,625,206,609**	₱1,236,243,521	₱826,624,123
Notes payable (Note 21)	**2,301,995,739**	1,478,691,180	1,082,367,081
	3,927,202,348	2,714,934,701	1,908,991,204
Amounts capitalized (Notes 11 and 14)	**(2,114,794,175)**	(1,400,462,510)	(585,498,174)
Accretion of unamortized discount (Note 10)	**64,987,041**	75,280,869	25,545,646
Interest cost on benefit obligation (Note 28)	**64,012,545**	13,287,418	13,394,438
	₱1,941,407,759	₱1,403,040,478	₱1,362,433,114

The capitalization rate used to determine the borrowings eligible for capitalization is 12.24% in 2015, 9.71% in 2014 and 8.41% in 2013.

The aggregate capitalized borrowing costs amounted to ₱2,114.79 million in 2015, ₱1,400.46 million in 2014 and ₱585.50 million in 2013.

25. Miscellaneous Income

Miscellaneous income mostly pertains to income from forfeited reservation fees and partial payments from customers whose sales contracts are cancelled before completion of required down payment (Note 13).

This also includes the operating income and parking fees from the malls.

26. Cost and Expenses

Cost of real estate sales
Cost includes acquisition cost of subdivision land, construction and development cost and capitalized borrowing costs. Cost of real estate sales recognized for the years ended December 31, 2015, 2014 and 2013 amounted to ₱12,253.89 million, ₱11,032.28 million and ₱9,878.80 million, respectively (Note 11).

Development cost as a percentage of cost of real estate sale is approximately 75% to 85% for the years ended December 31, 2015, 2014 and 2013, respectively.

Operating expenses
This account consists of:

	2015	2014	2013
Advertising and promotions	**₱1,317,186,308**	₱1,465,341,815	₱1,477,639,647
Salaries, wages and employees benefits (Notes 28)	**1,247,618,013**	973,646,773	812,774,652
Commissions	**1,247,561,867**	1,207,335,847	1,117,165,804
Repairs and maintenance (Note 14)	**756,898,068**	701,366,395	575,055,108
Depreciation and amortization (Notes 14, 15 and 17)	**606,836,262**	722,140,062	593,240,556
Occupancy costs (Note 34)	**431,782,593**	408,023,237	373,096,981
Professional fees	**305,200,669**	249,373,403	234,617,965
Taxes and licenses	**282,585,300**	249,059,216	222,065,958
Office expenses	**248,343,447**	44,779,613	43,633,692
Representation and entertainment	**125,947,227**	129,932,712	123,078,778
Transportation and travel	**114,250,464**	121,451,828	90,579,818
Provision for impairment losses on receivables (Note 10)	**50,544,672**	5,394,498	4,582,733
Miscellaneous	**157,479,117**	177,017,138	143,895,408
	₱6,892,234,007	₱6,454,862,537	₱5,811,427,100

Operating expenses represent the cost of administering the business of the Group. These are recognized when the related services and costs have been incurred.

Rent expenses
The Group entered into various lease agreements for administrative and selling purposes. These agreements are renewed on an annual basis with advanced deposits. Rent expenses included under "Occupancy costs" amounted to ₱142.71 million, ₱171.21 million and ₱149.54 million in 2015, 2014 and 2013, respectively (Note 34).

Miscellaneous expenses
Miscellaneous expenses include dues and subscriptions, donations and other expenditures.

27. Others

This account consists of:

	2015	2014	2013
Foreign exchange gains (losses) - net	**(₱7,017,664)**	(₱29,286,094)	(₱50,331,664)
Dividend income	**–**	–	2,625
Share in the net loss of equity in joint venture of PCLHI	**–**	–	13,586,274
	(₱7,017,664)	(₱29,286,094)	(₱36,742,765)

28. Retirement Plan

The Group has noncontributory defined benefit pension plan covering substantially all of its regular employees. The benefits are based on current salaries and years of service and related compensation on the last year of employment. The retirement is the only long-term employee benefit.

The principal actuarial assumptions used to determine the pension benefits with respect to the discount rate, salary increases and return on plan assets were based on historical and projected normal rates.

The components of pension expense follow:

	2015	2014	2013
Current service cost (Note 26)	**₱133,810,647**	₱89,506,451	₱86,883,713
Interest cost (Note 24)	**14,091,148**	16,353,996	12,832,308
Total pension expense	**₱147,901,795**	₱105,860,447	₱99,716,021

Funded status and amounts recognized in the consolidated statements of financial position for the pension plan follow:

	2015	2014	2013
Defined benefit obligation	**₱491,637,680**	₱632,840,548	₱473,458,705
Plan assets	**(377,164,819)**	(320,844,860)	(250,700,633)
Liability recognized in the consolidated statements of financial position	**₱114,472,861**	₱311,995,688	₱222,758,072

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

	2015	2014	2013
Balance at beginning of year	**₱632,840,548**	₱473,458,705	₱404,080,213
Transfer in	**–**	9,408,241	□
Current service cost	**133,810,647**	89,506,451	86,883,713
Interest cost	**₱28,683,671**	₱32,010,427	₱24,581,882
Elimination arising from disposed subsidiary	**–**	(9,352,497)	–
Actuarial gain	**(303,697,186)**	37,809,221	(42,087,103)
Balance at end of year	**₱491,637,680**	₱632,840,548	₱473,458,705

Changes in the fair value of the combined plan assets are as follows:

	2015	2014	2013
Balance at January 1	**₱320,844,860**	₱250,700,633	₱190,141,599
Interest income included in net interest cost	**14,592,524**	15,656,431	11,749,574
Actual return excluding amount included in net interest cost	**(7,338,319)**	(529,907)	(6,061,979)
Contributions	**49,065,754**	55,017,703	54,871,439
Balance at December 31	**₱377,164,819**	₱320,844,860	₱250,700,633

The movements in the combined net pension liabilities follow:

	2015	2014	2013
Balance at beginning of year	**₱311,995,688**	₱222,758,072	₱213,938,614
Pension expense	**147,901,795**	105,860,447	99,716,021
Transfer in	**–**	9,408,241	–
Elimination arising from disposed subsidiary	**–**	(9,352,497)	–
Total amount recognized in OCI	**(296,358,867)**	38,339,128	(36,025,124)
Contributions	**(49,065,754)**	(55,017,703)	(54,871,439)
Balance at end of year	**₱114,472,862**	₱311,995,688	₱222,758,072

The Group immediately recognized to OCI any actuarial gains and losses.

The assumptions used to determine the pension benefits for the Group are as follows:

	2015	2014	2013
Discount rates	**5.65%**	4.54%	4.48%
Salary increase rate	**7.75%**	9.00%	9.00%

The distribution of the plan assets at year end follows:

	2015	2014	2013
Assets			
Cash	**₱122,890,077**	₱59,605,041	₱195,727,908
Investments in government securities	**51,215,649**	259,210,683	54,227,150
Investments in private companies	**202,148,585**	–	–
Receivables	**2,159,162**	2,086,354	1,007,340
	378,413,473	320,902,078	250,962,398
Liabilities			
Trust fee payable	**320,546**	244,563	261,765
Net plan assets	**₱378,092,927**	₱320,657,515	₱250,700,633

The carrying amounts disclosed above reasonably approximate fair value at year-end. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. The actual return on plan assets amounted to ₱7.34 million, ₱0.53 million and ₱5.69 million in 2015, 2014 and 2013, respectively.

The net unrealized gains on investments in government securities amounted to ₱2.16 million, ₱2.09 million and ₱1.00 million as of December 31, 2015, 2014 and 2013, respectively.

The Group expects to contribute ₱53.96 million to its retirement fund in 2016.

The sensitivity analyses that follow has been determined based on reasonably possible changes of the assumption occurring as at December 31, 2013, assuming if all other assumptions were held constant.

	Rates		PVO
Discount rate	5.65%	+1%	(₱595,601,830)
		-1%	984,738,452
Salary increase	7.75%	+1%	₱966,675,827
		-1%	(603,628,996)

Each year, an Asset-Liability Matching Study (ALM) is performed with the result being analyzed in terms of risk-and-return profiles. Union Bank's (UB) current strategic investment strategy consists of 32.48% of cash, 13.53% of investments in government securities, 53.42% of investment in private companies and 0.57% receivables. For the Group other than UB, the principal technique of the Group's ALM is to ensure the expected return on assets to be sufficient to support the desired level of funding arising from the defined benefit plans.

29. Income Tax

Provision for income tax consists of:

	2015	2014	2013
Current:			
RCIT/MCIT	**₱887,669,604**	₱929,270,192	₱676,660,613
Final	**9,356,228**	23,672,659	25,308,565
Deferred	**103,973,660**	(211,511,669)	(108,102,510)
	₱1,000,999,492	₱741,431,182	₱593,866,668

The components of the Group's deferred taxes are as follows:

Net deferred tax assets:

	2015	2014	2013
Deferred tax assets on:			
NOLCO	**₱9,613,462**	₱14,458,816	₱28,727,762
Unrealized foreign exchange losses	**–**	–	–
Excess of tax basis over book basis of deferred gross profit on real estate sales	**258,901,652**	229,043,040	3,124,152
Allowance for probable losses	**–**	3,607,800	
Accrual of retirement costs	**20,365,354**	14,756,290	10,660,416
Allowance for impairment losses on land and improvements	**2,519,137**	2,259,705	–
Carry forward benefit of MCIT	**72,742**	–	–
DTA (DTL) Component of OCI	**6,639,768**	–	–
Unamortized discount on receivables	**5,857,946**	2,024,217	1,537,852
	303,970,061	266,149,868	44,050,182
Deferred tax liabilities on:			
Excess of book basis over tax basis of deferred gross profit on real estate sales	**1,187,878**	9,287,035	–
Capitalized interest and other expenses	**–**	–	4,733,055
DTA (DTL) Component of OCI	**12,758,126**	–	–
	13,946,004	9,287,035	4,733,055
	₱290,024,057	₱256,862,833	₱39,317,127

Net deferred tax liabilities:

	2015	2014	2013
Deferred tax assets on:			
Excess of book basis over tax basis of deferred gross profit on real estate sales	**₱1,990,319**	₱4,949,970	₱–
Allowance for impairment losses on land and improvements	**49,796,496**	64,959,897	6,482,024
Allowance for probable losses	**82,443,193**	82,443,193	109,782,284
Accrual of retirement costs	**100,089,396**	76,013,491	60,990,285
Carryforward benefit of MCIT	**19,470,784**	38,714,143	26,568,594
Unamortized discount on receivables	**17,074,606**	16,455,606	15,956,762
NOLCO	**60,247,102**	50,086,744	69,047,429
Unrealized foreign exchange losses	**–**	–	–
PAS 17 Rent Expense	**77,494,142**	70,671,168	77,253,555
DTA (DTL) Component of OCI	**1,105,277**	–	–
Others	**19,682,261**	19,750,777	–
	429,393,576	424,044,989	366,080,933

(Forward)

	2015	2014	2013
Deferred tax liabilities on:			
Excess of book basis over tax basis of deferred gross profit on real estate sales	**₱1,188,315,051**	₱1,771,822,647	₱1,552,835,669
Capitalized interest and other expenses	**364,574,878**	119,970,571	223,008,034
Unamortized bond transaction cost	**35,165,647**	44,827,287	60,995,385
Unrealized foreign exchange gain	–	6,104,039	301,500
PAS 17 Rental Income	**286,239,613**	94,898,323	140,146,745
DTA (DTL) Component of OCI	**66,832,511**	–	–
Fair Value Adjustments - Malay	**24,415,579**	–	–
Retirement Expense		701,867	–
Discount on rawlands payable	**1,017,419**	1,017,419	–
	1,966,560,698	1,987,120,255	1,977,287,333
	(₱1,537,167,122)	(₱1,615,297,164)	(₱1,611,206,400)

As of December 31, 2015, 2014 and 2013, the Group has deductible temporary differences, NOLCO and MCIT that are available for offset against future taxable income for which no deferred tax assets have been recognized as follows:

	2015	2014	2013
NOLCO	**₱158,263,294**	₱3,909,907,916	₱1,949,009,223
Accrual of retirement cost	**5,868,838**	13,997,716	12,061,944
MCIT	**2,543,371**	4,106,220	1,314,771
Post-employment benefit obligation	**630,361**	14,080,913	2,133,124
Allowance on probable losses	–	26,742,003	–
Unrealized foreign exchange loss	–	–	(16,641,254)
	₱167,305,864	₱3,968,834,768	₱1,947,877,808

Deferred tax assets are recognized only to the extent that taxable income will be available against which the deferred tax assets can be used. The subsidiaries will recognize a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

As of December 31, 2015, the details of the unused tax credits from the excess of the MCIT over RCIT and NOLCO, which are available for offset against future income tax payable and taxable income, respectively, over a period of three (3) years from the year of inception, follow:

<u>NOLCO</u>

Inception Year	Amount	Used/Expired	Balance	Expiry Year
2011	₱988,548,026	(₱988,548,026)	₱ –	2014
2012	1,365,047,230	(1,365,047,230)	–	2015
2013	1,297,633,329	(36,745,032)	1,260,888,297	2016
2014	1,578,172,076	(62,683,883)	1,515,488,193	2017
2015	1,562,731,542	–	1,562,731,542	2018
	₱6,792,132,203	(₱2,453,024,171)	₱4,339,108,032	

MCIT

Inception Year	Amount	Used/Expired	Balance	Expiry Year
2011	₱6,658,844	(₱6,658,844)	₱–	2014
2012	10,217,898	(10,217,898)	–	2015
2013	16,577,145	(12,615,407)	3,961,738	2016
2014	16,221,217	(10,937,783)	5,283,434	2017
2015	20,696,410	–	20,696,410	2018
	₱70,371,514	(₱40,429,932)	₱29,941,582	

The reconciliation of the provision for income tax computed at the statutory income tax rate to the provision for income tax shown in profit or loss follows:

	2015	2014	2013
Provision for income tax computed at the statutory income tax rate	**30.00%**	29.83%	30.00%
Additions to (reductions in) income tax resulting from:			
Nondeductible interest and other expenses	**5.06%**	6.12%	6.35%
Change in unrecognized deferred tax assets	**(12.20%)**	(8.39%)	(12.59%)
Tax-exempt income	**(11.31%)**	(33.83%)	(17.29%)
Expired MCIT and NOLCO	**(0.04%)**	4.02%	7.96%
Accretion of discount on receivables for prior years	**–**	–	–
Interest income already subjected to final tax	**(0.22%)**	(0.44%)	(1.08%)
Equity in net loss (income) of an associate	**–**	13.55%	–
Others	**0.61%**	(0.32%)	(3.63%)
Provision for income tax	**11.90%**	10.54%	9.72%

Board of Investments (BOI) Incentives

The BOI issued in favor of certain subsidiaries in the Group a Certificate of Registration as Developer of Mass Housing Projects for its 17 projects in 2014 and 22 real estate in 2013, in accordance with the Omnibus Investment Code of 1987. Pursuant thereto, the projects have been granted an Income Tax Holiday for a period of either three years for new projects, or four years for expansion projects, commencing from the date of issuance of the Certificate of Registration.

30. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence (referred to herein as “affiliates”). Related parties may be individuals or corporate entities.

The Group in their regular conduct of business has entered into transactions with affiliates and other related parties principally consisting of advances and reimbursement of expenses and purchase and sale of real estate properties. The Group’s policy is to settle its intercompany receivables and payables on a net basis.

The consolidated statement of financial position include the following amounts resulting from the foregoing transactions which represent amounts receivable (payable) to related parties as of December 31, 2015 and 2014:

December 31, 2015

Related Party	Relationship	Nature of Transaction	Amount/ Volume	Outstanding Balance	Terms	Conditions
Fine Properties, Inc.	Ultimate Parent	Nontrade Receivables	**(₱156,171,890)**	**₱2,634,565,836**	Non-interest bearing	Unsecured
All Value Group	Entities under Common Control	Nontrade Receivables	**117,083,006**	**918,524,283**	Non-interest bearing	Unsecured, No impairment
Golden Haven Memorial Park, Inc.	Entities under Common Control	Nontrade Receivables	**–**	**86,831,521**	Non-interest bearing	Unsecured, No impairment
Althorp Holdings, Inc.	Entities under Common Control	Nontrade Payable	**(214,171,467)**	**(214,171,467)**	Non-interest bearing	Unsecured
			(₱253,260,351)	**₱3,425,750,173**		

December 31, 2014

Related Party	Relationship	Nature of Transaction	Amount/ Volume	Outstanding Balance	Terms	Conditions
Fine Properties, Inc.	Ultimate Parent	Nontrade Receivables	₱631,662,452	₱2,790,737,726	Non-interest bearing	Unsecured
All Value Group	Entities under Common Control	Nontrade Receivables	744,782,165	801,441,277	Non-interest bearing	Unsecured, No impairment
Golden Haven Memorial Park, Inc.	Entities under Common Control	Nontrade Receivables	–	86,831,521	Non-interest bearing	Unsecured, No impairment
Althorp Holdings, Inc.	Entities under Common Control	Nontrade Receivables	24,930,004	–	Non-interest bearing	Unsecured
			₱1,401,374,621	₱3,679,010,524		

As discussed in Note 21, the US$100 million Notes issued by VII are unconditionally and irrevocably guaranteed by the Parent Company and Subsidiaries. No fees are charged for these guarantee agreements.

Terms and conditions of transactions with related parties
The US$300 million Notes issued by VII are unconditionally and irrevocably guaranteed by the Parent Company and its Subsidiaries. No fees are charged for these guarantee agreements.

Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash. These principally consist of dividends, advances, reimbursement of expenses and management income. As of December 31, 2015 and 2014 the Group has not made any provision for impairment loss relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Except as stated in Notes 20 and 21 to the consolidated financial statements, there have been no guarantees provided or received for any related party receivables or payables.

The compensation of key management personnel by benefit type follows:

	2015	2014	2013
Short-term employee benefits	**₱99,131,155**	₱93,390,694	₱87,101,718
Post-employment benefits	**16,331,896**	15,738,284	14,029,115
	₱115,463,051	₱109,128,978	₱101,130,833

31. **Earnings Per Share and Non-controlling Interest**

The following table presents information necessary to compute the EPS:

	2015	2014 (As restated, Note 7	2013 (As restated, Note 7
Basic and Diluted EPS			
a) Net income attributable to equity holders of Parent	**₱7,031,723,340**	₱6,156,162,273	₱5,188,891,735
b) Weighted average common shares	**11,307,484,341**	12,654,891,796	12,654,891,796
c) Earnings per share (a/b)	**₱0.622**	₱0.486	₱0.410

There were no potential dilutive common shares for the years ended December 31, 2015, 2014 and 2013.

The basic and diluted EPS for the years ended December 31, 2014 and 2013 have been retroactively adjusted to take into consideration the effect of the pooling of interest method arising from the acquisition of Starmalls Group. Also, the weighted average common shares in 2014 and 2013 includes the 2015 shares issued as settlement to the acquisition of Starmalls Group, accounted under the pooling of interest method, which was effected at the earliest period presented under the consolidated financial statements.

As of December 31, 2015, 2014 and 2013, the accumulated balances of and net income attributable to non-controlling interests follows:

	2015	2014	2013
Accumulated balances:			
Starmalls Group	**₱2,692,595,308**	₱2,609,905,920	₱2,482,240,029
Manuela	**185,445,525**	135,793,064	121,167,613
Net income attributable to:			
Starmalls Group	**81,340,194**	115,656,734	319,632,237
Manuela	**73,939,422**	14,625,451	11,482,944
Other comprehensive income attributable to:			
Starmalls Group	**1,349,193**	12,009,157	(16,356,050)
Manuela	**(24,286,960)**	–	–

32. **Fair Value Determination**

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Other valuation techniques involving inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash and cash equivalents and short-term cash investments: Due to the short-term nature of the account, the fair value of cash and cash equivalents and short-term cash investments approximate the carrying amounts in the consolidated statements of financial position.

Installment contracts receivables: Estimated fair value of installment contracts receivables is based on the discounted value of future cash flows using the prevailing interest rates for similar types of receivables as of the reporting date using the remaining terms of maturity. The discount rate used ranged from 1.20% to 5.80% in 2015 and 2.01% to 3.09% in 2014.

Other receivables: due to the short-term nature of the account, the fair value of other receivables approximates the carrying amounts.

Receivables from related parties: Due to the short-term nature of the account, carrying amounts approximate their fair values.

Long-term cash investments: The fair values are based on the discounted value of future cash flows using the applicable rates for similar types of instruments. The discount rate used ranges from 3.75% to 4.00% in 2013.

AFS financial assets: for AFS investment in unquoted equity securities, these are carried and presented at cost since fair value is not reasonably determine due to the unpredictable nature of future cash flows and without any other suitable methods of arriving at a reliable fair value.

The AFS financial assets carried at cost are preferred shares of a utility company issued to the Group as a consequence of its subscription to the electricity services of the said utility company needed for the Group's residential units. The said preferred shares have no active market and the Group does not intend to dispose these because these are directly related to the continuity of its business.

For shares in open ended investment companies, fair value is by reference to net asset value per share.

HTM investments: The fair value of HTM investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices, at the close of business on the reporting date.

Investment properties: The valuation techniques adopted for the measurement of fair values are the market approach for the land and cost approach for the buildings and building improvements.

Accounts and other payables: fair values of accounts and other payables approximate their carrying amounts in the consolidated statement of financial position due to the short-term nature of the transactions.

Payables to related parties: Due to the short-term nature of the account, carrying amounts approximate their fair values.

Bank loans, loans payable, notes payable and liabilities for purchased land: estimated fair values of bank loans and liabilities for purchased land are based on the discounted value of future cash flows using the applicable rates for similar types of loans. Interest rates used in discounting cash flows ranges from 2.67% to 8.03% for 2015 and 4.25% to 7.27% in 2014

The following table provides the fair value measurement hierarchy of the Group's financial assets and liabilities recognized as of December 31, 2015 and 2014:

	December 31, 2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Financial assets measured at fair value:				
AFS financial assets - fixed maturity bond funds	**₱7,244,717,725**	**₱–**	**₱–**	**₱7,244,717,725**
Assets for which fair values are disclosed:				
Installment contract receivables	**–**	**–**	**26,430,215,542**	**26,430,215,542**
Investment properties - land	**–**	**28,258,460,602**	**–**	**28,258,460,602**
HTM investments	**14,127,412,000**	**–**	**–**	**14,127,412,000**
Liabilities				
Financial liabilities measured at fair value				
Bank loans	**–**	**–**	**30,539,740,751**	**30,539,740,751**
Loans payable	**–**	**–**	**30,428,907,668**	**30,428,907,668**
Liabilities for purchased land	**–**	**–**	**2,460,957,759**	**2,460,957,759**

	December 31, 2014			
	Level 1	Level 2	Level 3	Total
Assets				
Financial assets measured at fair value:				
AFS financial assets - fixed maturity bond funds	₱6,976,142,257	₱–	₱–	₱6,976,142,257
Assets for which fair values are disclosed:				
Installment contract receivables	–	–	21,794,894,649	21,794,894,649
Investment properties - land	–	24,311,706,836	–	24,311,706,836
HTM investments	2,891,900,873	–	–	2,891,900,873
Liabilities				
Financial liabilities measured at fair value				
Bank loans	–	–	9,107,493,267	9,107,493,267
Loans payable	–	–	25,938,162,926	25,938,162,926
Liabilities for purchased land	–	–	2,942,297,396	2,942,297,396

In 2015 and 2014, there were no transfers between Level 1 and Level 2 fair value measurements. Non-financial assets determined under Level 3 include installments contracts receivables and long-term cash investments. No transfers between any levels of the fair value hierarchy took place in the equivalent comparative period.

Description of significant unobservable inputs to valuation:

Account	**Valuation Technique**	**Significant Unobservable Inputs**
Installment contracts receivables	Discounted cash flow analysis	Discount rate
Land	Market Data Approach	Price per square meter, size, location, shape, time element and corner influence

Significant increases (decreases) in discount rate would result in significantly higher (lower) fair value of the installment contracts receivables.

Significant Unobservable Inputs

Discount rate	The rate at which cash flows are discounted back to the value at measurement date.

33. **Financial Asset and Liabilities**

Financial Risk Management Objectives and Policies

Financial risk

The Group's principal financial liabilities comprise of bank loans, loans payable, notes payable, accounts and other payables and liabilities for purchased land. The main purpose of the Group's financial liabilities is to raise financing for the Group's operations. The Group has various financial assets such as installment contracts receivables, cash and cash equivalents and short-term, long-term cash investments, HTM investments and AFS financial assets which arise directly from its operations. The main risks arising from the use of financial instruments are interest rate risk, foreign currency risk, credit risk, equity price risk and liquidity risk.

The BOD reviews and approves with policies for managing each of these risks. The Group monitors market price risk arising from all financial instruments and regularly report financial management activities and the results of these activities to the BOD.

The Group's risk management policies are summarized below. The exposure to risk and how they arise, as well as the Group's objectives, policies and processes for managing the risk and the methods used to measure the risk did not change from prior years.

Cash flow interest rate risk

The Group's exposure to market risk for changes in interest rates, relates primarily to its financial assets and liabilities that are interest-bearing.

The Group's policy is to manage its interest cost by entering into fixed rate debts. The Group also regularly enters into short-term loans as it relates to its sold installment contracts receivables in order to cushion the impact of potential increase in loan interest rates.

The table below shows the financial assets and liabilities that are interest-bearing for the years 2015 and 2014:

	December 31, 2015	
	Effective Interest Rate	**Amount**
Financial assets		
Fixed rate		
Cash and cash equivalents (excluding cash on hand)	**1.00 to 2.00%**	**₱ 6,018,262,065**
Short-term cash investments	**3.50% to 5.00%**	**2,097,301,354**
HTM investments	**0.81% to 26.57%**	**13,521,560,251**
Installment contracts receivable	**1.20% to 5.80%**	**26,430,215,542**
		₱48,067,339,212
Financial liabilities		
Fixed rate		
Notes payable	**7.67% to 8.53%**	**₱30,428,907,668**
Bank loans	**6.17% to 8.03%**	**30,539,740,751**
Loans payable	**6.00% to 8.03%**	**3,694,889,102**
Liabilities for purchased land	**0.73% to 3.52%**	**3,283,224,268**
		₱67,946,761,789

	December 31, 2014	
	Effective Interest Rate	Amount
Financial assets		
Fixed rate		
Cash and cash equivalents (excluding cash on hand)	0.25% to 4.00%	₱6,419,393,541
Short-term cash investments	1.50% to 5.00%	4,381,309,667
HTM investments	1.63% to 3.09%	10,232,587,951
Installment contracts receivable	2.01% to 3.09%	21,794,894,649
		₱42,828,185,808
Financial liabilities		
Fixed rate		
Notes payable	5.65% to 8.25%	₱28,742,703,597
Bank loans	4.25% to 7.27%	13,873,625,027
Loans payable	7.00% to 12.00%	2,692,826,644
Liabilities for purchased land	7.00% to 12.00%	3,866,572,779
		₱49,175,728,047

As of December 31, 2015 and 2014, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

Foreign exchange risk
The Group's foreign exchange risk results primarily from movements of the Philippine peso against the United States Dollar (USD). Approximately 29.57% and 36.08% of the debt of the Group as of December 31, 2015 and 2014, respectively, are denominated in USD. The Group's foreign currency-denominated debt comprises of the bonds in 2015 and 2014.

Below are the carrying values and the amounts in US$ of these foreign currency denominated financial assets and liabilities.

	December 31, 2015	
	Peso	**US$**
Cash and cash equivalents	**₱2,286,285,875**	**US$48,582,360**
Short-term cash investments	–	–
AFS financial assets	**7,207,755,741**	**153,160,980**
HTM investments	**13,521,560,251**	**287,325,972**
Notes payable	**(24,418,895,931)**	**(518,888,566)**

	December 31, 2014	
	Peso	US$
Cash and cash equivalents	₱85,319,141	US$1,907,852
Short-term cash investments	4,185,237,740	93,587,606
AFS financial assets	6,635,485,715	148,378,482
HTM investments	10,008,987,973	223,814,579
Notes payable	(21,737,690,477)	(486,084,313)

In translating the foreign currency- denominated monetary assets in peso amounts, the Philippine Peso - US dollar exchange rates as of December 31, 2015 and 2014 used were ₱47.06 and ₱44.72 to US$1.00.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate until its next annual reporting date, with all other variables held constant, of the Group's 2015 and 2014 profit before tax (due to changes in the fair value of monetary assets and liabilities) as of December 31, 2015 and 2014:

	December 31, 2015	
	Increase/ Decrease in US Dollar rate	**Effect on income before tax**
Cash and cash equivalents	**+1.08%**	**24,777,004**
	-1.08%	**(24,777,004)**
Short-term cash investments	**+1.08%**	**23,079,911**
	-1.08%	**(23,079,911)**
HTM investments	**+1.08%**	**78,112,100**
	-1.08%	**(78,112,100)**
AFS financial assets	**+1.08%**	**146,536,246**
	-1.08%	**(146,536,246)**
Notes payable	**+1.08%**	**(264,633,169)**
	-1.08%	**264,633,169**

	December 31, 2014	
	Increase/ Decrease in US Dollar rate	Effect on income before tax
Cash and cash equivalents	+0.27%	228,942
	-0.27%	(228,942)
Short-term cash investments	+0.27%	11,230,513
	-0.27%	(11,230,513)
HTM investments	+0.27%	17,805,418
	-0.27%	(17,805,418)
AFS financial assets	+0.27%	26,857,749
	-0.27%	(26,857,749)
Notes payable	+0.27%	58,330,118
	-0.27%	(58,330,118)

The assumed movement in basis points for foreign exchange sensitivity analysis is based on the currently observable market environment, showing no material movements as in prior years.

There are no items affecting equity except for those having impact on profit or loss.

Credit risk
The Group transacts only with recognized and creditworthy third parties. The Group's receivables are monitored on an ongoing basis resulting to manageable exposure to bad debts. Real estate buyers are subject to standard credit check procedures, which are calibrated based on the payment scheme offered. The Group's respective credit management units conduct a comprehensive credit investigation and evaluation of each buyer to establish creditworthiness.

Receivable balances are being monitored on a regular basis to ensure timely execution of necessary intervention efforts. In addition, the credit risk for installment contracts receivables is mitigated as the Group has the right to cancel the sales contract without need for any court action and take possession of the subject house in case of refusal by the buyer to pay on time the due installment contracts receivable. This risk is further mitigated because the corresponding title to the subdivision units sold under this arrangement is transferred to the buyers only upon full payment of the contract price and the requirement for remedial procedures is minimal given the profile of buyers.

With respect to credit risk arising from the other financial assets of the Group, which are comprised of cash and cash equivalents, short-term and long-term cash investments and AFS financial assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group manages its cash by maintaining cash accounts with banks which have demonstrated financial soundness for several years. The Group's investments in AFS are incidental to its housing projects and are considered by the Group to be of high quality because these are investments with the biggest electric utility company in the country.

The table below shows the comparative summary of maximum credit risk exposure on financial assets as of December 31, 2015 and 2014:

	2015			
	Maximum Credit Exposure	**Fair Value of Collateral**	**Net Exposure to Credit Risk**	**Financial Effect**
Loans and Receivables				
Cash and cash equivalents (excluding cash on hand)	**₱6,018,262,065**	**₱–**	**₱6,018,262,065**	**₱–**
Short-term cash investments	**2,097,301,354**	**–**	**2,097,301,354**	**–**
Receivables				
Installment contracts receivables	**26,430,215,542**	**32,737,769,428**	**–**	**26,430,215,542**
Others	**7,824,245,579**	**–**	**7,824,245,579**	**–**
	42,370,024,540	**32,737,769,428**	**15,939,808,998**	**26,430,215,542**
HTM investments	**13,521,560,251**	**–**	**13,521,560,251**	**–**
AFS Financial Assets				
Investments in fixed maturity bond funds	**7,244,717,725**	**–**	**7,244,717,725**	**–**
Investments in unquoted equity shares	**134,248,934**	**–**	**134,248,934**	**–**
	₱63,270,551,450	**₱32,737,769,428**	**₱36,840,335,908**	**₱26,430,215,542**

	2014			
	Maximum Credit Exposure	Fair Value of Collateral	Net Exposure to Credit Risk	Financial Effect
Loans and Receivables				
Cash and cash equivalents (excluding cash on hand)	₱6,419,393,541	₱–	₱6,419,393,541	₱–
Short-term cash investments	4,381,309,667	–	4,381,309,667	–
Receivables				
Installment contracts receivables	21,794,894,649	30,420,027,070	–	21,794,894,649
Others	6,190,883,950	–	6,190,883,950	–
	38,786,481,807	30,420,027,070	16,991,587,158	21,794,894,649
HTM investments	10,232,587,951	–	10,232,587,951	–
AFS Financial Assets				
Investments in fixed maturity bond funds	6,976,142,257	–	6,976,142,257	–
Investments in unquoted equity shares	44,703,353	–	44,703,353	–
	₱56,039,915,368	₱30,420,027,070	₱34,245,020,719	₱21,794,894,649

Given the Group's diverse base of counterparties, it is not exposed to large concentrations of credit risk.
As of December 31, 2015 and 2014, the aging analyses of past due but not impaired receivables, presented per class are as follows:

December 31, 2015

	Neither Past Due Nor Impaired	Past Due But Not Impaired <30 days	30-60 days	60-90 days	>90 days	Total of Past Due But Not Impaired	Impaired Financial Assets	Total
Installment contract receivables	**₱23,560,431,718**	**₱626,810,465**	**₱144,927,131**	**₱233,299,126**	**₱1,727,693,757**	**₱2,732,730,479**	**₱137,053,345**	**₱26,430,215,542**
Other receivables	**5,295,923,162**	**183,518,426**	**243,904,405**	**201,722,975**	**2,036,229,956**	**2,665,375,762**	**255,251,044**	**8,216,549,968**
Total	**₱28,856,354,880**	**₱810,328,891**	**₱388,831,536**	**₱435,022,101**	**₱3,763,923,713**	**₱5,398,106,241**	**₱392,304,389**	**₱34,646,765,510**

December 31, 2014

	Neither Past Due Nor Impaired	Past Due But Not Impaired <30 days	30-60 days	60-90 days	>90 days	Total of Past Due But Not Impaired	Impaired Financial Assets	Total
Installment contract receivables	₱19,739,938,697	₱429,724,373	₱192,913,296	₱196,504,638	₱1,099,086,300	₱1,918,228,607	₱137,053,345	₱21,795,220,649
Other receivables	5,059,244,437	104,859,471	30,167,397	14,721,281	1,118,618,707	1,268,366,856	210,100,873	6,537,712,166
Total	₱24,799,183,134	₱534,583,844	₱223,080,693	₱211,225,919	₱2,217,705,007	₱3,186,595,463	₱347,154,218	₱28,332,932,815

Those accounts that are considered neither past due nor impaired are receivables without any default in payments and those accounts wherein the management has assessed that recoverability is high.

The tables below show the credit quality of the Group’s financial assets as of December 31, 2015 and 2014, gross of allowance for impairment losses:

December 31, 2015

	Neither past due nor impaired						
	High grade	**Medium grade**	**Low grade**	**Total**	**Past due but not impaired**	**Impaired**	**Total**
Cash and cash equivalents (excluding cash on hand)	**₱6,018,262,065**	**₱–**	**₱–**	**₱6,018,262,065**	**₱–**	**₱–**	**₱6,018,262,065**
Short-term cash investments	**2,097,301,354**	**–**	**–**	**2,097,301,354**	**–**	**–**	**2,097,301,354**
Receivables							
Installment contracts receivable	**16,436,061,334**	**5,463,761,674**	**25,325,730**	**21,925,148,738**	**2,732,730,479**	**1,532,336,325**	**26,190,215,542**
Others	**5,288,954,130**	**–**	**–**	**5,288,954,130**	**2,665,375,762**	**262,220,076**	**8,216,549,968**
Long-term cash investments	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total loans and receivables	**29,840,578,883**	**5,463,761,674**	**25,325,730**	**35,329,666,287**	**5,398,106,241**	**1,794,556,401**	**42,522,328,929**
HTM investments	**13,521,560,251**	**–**	**–**	**13,521,560,251**	**–**	**–**	**13,521,560,251**
AFS Financial Assets							**–**
Investments in fixed maturity bond funds	**7,244,717,725**	**–**	**–**	**7,244,717,725**	**–**	**–**	**7,244,717,725**
Investments in unquoted equity shares	**134,248,934**	**–**	**–**	**134,248,934**	**–**	**–**	**134,248,934**
	₱50,741,105,793	**₱5,463,761,674**	**₱25,325,730**	**₱56,230,193,197**	**₱5,398,106,241**	**₱1,794,556,401**	**₱63,422,855,839**

December 31, 2014

	Neither past due nor impaired						
	High grade	Medium grade	Low grade	Total	Past due but not impaired	Impaired	Total
Cash and cash equivalents (excluding cash on hand)	₱6,419,393,541	₱–	₱–	₱6,419,393,541	₱–	₱–	₱6,419,393,541
Short-term cash investments	4,381,309,667	–	–	4,381,309,667	107,894,989	–	4,489,204,656
Receivables							
Installment contracts receivable	19,257,795,534	449,027,328	33,115,835	19,739,938,697	1,918,228,607	137,053,344	21,795,220,648
Others	5,059,244,439	–	–	5,059,244,439	1,268,366,856	210,100,871	6,537,712,166
Long-term cash investments	–	–	–	–	–	–	–
Total loans and receivables	35,117,743,181	449,027,328	33,115,835	35,599,886,344	3,294,490,452	347,154,215	39,241,531,011
HTM investments	10,232,587,951	–	–	10,232,587,951	–	–	10,232,587,951
AFS Financial Assets							
Investments in fixed maturity bond funds	6,976,142,257	–	–	6,976,142,257	–	–	6,976,142,257
Investments in unquoted equity shares	44,703,353	–	–	44,703,353	–	–	44,703,353
	₱52,371,176,742	₱449,027,328	₱33,115,835	₱52,853,319,905	₱3,294,490,452	₱347,154,215	₱56,494,964,572

High grade cash and cash equivalents and short-term and long-term cash investments are money market placements and working cash fund placed, invested or deposited in local banks belonging to the top ten banks in the Philippines in terms of resources and profitability.

The Group's high-grade receivables pertain to receivables from related parties and third parties which, based on experience, are highly collectible or collectible on demand, and of which exposure to bad debt is not significant. Installment contract receivables under bank-financing are assessed to be high grade since accounts under bank-financing undergone credit evaluation performed by two parties, the Group and the respective bank, thus credit evaluation underwent a more stringent criteria resulting to higher probability of having good quality receivables.

Medium grade accounts are active accounts with minimal to regular instances of payment default, due to ordinary/common collection issues. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

Low grade accounts are accounts which have probability of impairment based on historical trend.

Based on the Group's experience, its loans and receivables are highly collectible or collectible on demand. The receivables are collateralized by the corresponding real estate properties. In few cases of buyer defaults, the Group can repossess the collateralized properties and held it for sale in the ordinary course of business at the prevailing market price. The total of repossessed properties included in the "Real estate inventories" account in the consolidated statement of financial position amounted to ₱758.01 million, ₱467.92 million and ₱506.77 million as of December 31, 2015, 2014 and 2013, respectively. The Group performs certain repair activities on the said repossessed assets in order to put their condition at a marketable state. Costs incurred in bringing the repossessed assets to its marketable state are included in their carrying amounts.

The Group did not accrue any interest income on impaired financial assets.

Liquidity Risk
The Group monitors its cash flow position, debt maturity profile and overall liquidity position in assessing its exposure to liquidity risk. The Group maintains a level of cash deemed sufficient to finance its cash requirements. Operating expenses and working capital requirements are sufficiently funded through cash collections. The Group's loan maturity profile is regularly reviewed to ensure availability of funding through adequate credit facilities with banks and other financial institutions.

The extent and nature of exposures to liquidity risk and how they arise as well as the Group's objectives, policies and processes for managing the risk and the methods used to measure the risk are the same for 2015 and 2014.

Equity Price Risk
The Group's equity price risk exposure relates to financial assets whose values will fluctuate as a result of changes in market prices, principally investment in mutual funds classified as AFS financial assets. Such securities are subject to price risk due to possible adverse changes in market values of instruments arising from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market. The Group invests in equity securities for various reasons, including reducing its overall exposure to interest rate risk.

In 2015, the Group determined the reasonably possible change in index using the specific adjusted data for each equity security the Group holds as of the reporting dates. The adjusted data is the forecasted measure of the volatility of security or a portfolio in comparison to the market as a whole.

The analysis below is performed for reasonably possible movements in NAV per share with all other variables held constant, showing the impact on equity (that reflects adjustments due to changes in market value of AFS financial assets):

	Change in NAV per Share	**Impact on Equity**
December 31, 2015	**+7.64%**	**₱2,824,230**
	-7.64%	**(2,824,230)**

	Change in NAV per Share	Impact on Equity
December 31, 2014	+0.52%	₱33,368,027
	-0.52%	(33,368,027)

The Group manages exposures to price risk by monitoring the changes in the market price of the investments and at some extent, diversifying the investment portfolio in accordance with the limit set by management.

Maturity Profile of Financial Assets and Liabilities

The tables below summarize the maturity profile of the Group's financial assets and liabilities as of December 31, 2015, 2014 and 2013 based on undiscounted contractual payments, including interest receivable and payable.

December 31, 2015

	On Demand	**1 to 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**Total**
Financial Assets					
Loans and receivables					
Cash and cash equivalents	**₱5,263,434,561**	**₱779,621,875**	**₱–**	**₱–**	**₱6,043,056,436**
Short-term cash investments	–	–	**2,097,301,354**	–	**2,097,301,354**
Receivables from related parties	–	–	**3,450,908,441**	–	**3,450,908,441**
Receivables					
Installment contracts receivables	**1,041,641,598**	**2,051,685,782**	**14,010,871,913**	**9,326,016,249**	**26,430,215,542**
Others	**3,305,740,034**	**2,973,294,317**	**1,545,211,228**	–	**7,824,245,579**
Long-term cash investment	–	–	–	–	–
HTM investments	–	–	–	**13,521,560,251**	**13,521,560,251**
AFS Financial Assets					
Investments mutual funds	**7,244,717,725**	–	–	–	**7,244,717,725**
Investments in unquoted equity shares	**134,248,934**	–	–	–	**134,248,934**
Total undiscounted financial assets	**₱16,989,782,852**	**₱5,804,601,974**	**₱21,104,292,936**	**₱22,847,576,500**	**₱66,746,254,262**
Financial Liabilities					
Financial liabilities at amortized cost					
Bank loans	**₱61,494,697**	**₱762,223,814**	**₱12,911,064,635**	**₱16,804,957,605**	**₱30,539,740,751**
Loans payable	**3,699,824**	**75,568,680**	**263,803,473**	**3,351,817,125**	**3,694,889,102**
Liabilities for purchased land	**18,879,176**	**304,929,526**	**882,596,001**	**2,076,819,565**	**3,283,224,268**
Accounts payable and other payables	**2,828,920,422**	**4,232,844,323**	**2,055,952,130**	**859,648,692**	**9,977,365,567**
Notes payable			**735,422,926**	**29,693,484,742**	**30,428,907,668**
Total undiscounted financial liabilities	**₱2,912,994,119**	**₱5,375,566,343**	**₱16,848,839,165**	**₱52,786,727,729**	**₱77,924,127,356**

December 31, 2014

	On Demand	1 to 3 Months	3 to 12 Months	1 to 5 Years	Total
Financial Assets					
Loans and receivables					
Cash and cash equivalents	₱5,325,666,920	₱1,112,861,570	₱–	₱–	₱6,438,528,490
Short-term cash investments	–	–	4,381,309,667	–	4,381,309,667
Receivables from related parties	–	–	3,679,010,524	–	3,679,010,524
Receivables					
Installment contracts receivables	4,901,678,632	2,015,736,164	7,182,549,214	7,695,256,638	21,795,220,648
Others	5,197,946,773	291,131,997	626,012,846	422,620,546	6,537,712,162
Long-term cash investment	–	–	–	–	–
HTM investments	–	–	2,562,601,115	7,669,986,836	10,232,587,951
AFS Financial Assets					
Investments mutual funds	6,976,142,257	–	–	–	6,976,142,257
Investments in unquoted equity shares	44,703,353	–	–	–	44,703,353
Total undiscounted financial assets	₱22,446,137,935	₱3,419,729,731	₱18,431,483,366	₱15,787,864,020	₱60,085,215,052
Financial Liabilities					
Financial liabilities at amortized cost					
Bank loans	₱93,961,968	₱67,779,884	₱586,137,688	₱13,125,745,487	₱13,873,625,027
Loans payable	408,364,925	113,800,483	274,455,884	1,896,205,352	2,692,826,644
Liabilities for purchased land	150,343,390	293,120,478	465,330,142	2,957,778,769	3,866,572,779
Accounts payable and other payables	2,105,781,923	1,539,864,006	877,061,103	1,414,149,642	5,936,856,674
Notes payable	–	–	5,401,130,409	23,341,573,187	28,742,703,596
Total undiscounted financial liabilities	₱2,758,452,206	₱2,014,564,851	₱7,604,115,226	₱42,735,452,437	₱55,112,584,720

34. Lease Commitments

The Group as Lessee

The Group has entered into noncancelable operating lease agreements for its several branch offices with terms of one (1) to five (5) years. The lease agreements include escalation clauses that allow a reasonable increase in rates. The leases are payable on a monthly basis and are renewable under certain terms and conditions.

Future minimum rentals payable under non-cancellable operating leases as of December 31, 2015, 2014 and 2013 follow:

	2015	2014
Within one (1) year	**₱169,488,621**	₱67,762,589
After 1 year but not more than five (5) years	**2,698,720,436**	217,778,353
	₱2,868,209,057	₱285,540,942

Rent expense included in the statements of comprehensive income for the years ended December 31, 2015, 2014 and 2013 amounted to ₱142.71 million, ₱171.21 million and ₱149.54 million, respectively (Note 26).

The Group as Lessor

The Group has entered into property leases on its investment property portfolio, consisting of the Group's surplus office spaces. These noncancelable leases have remaining lease terms of below fifteen (15) years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum rentals receivable under noncancelable operating leases as of December 31, 2015 and 2014 follow:

	2015	2014
Within 1 year	**₱1,246,280,635**	₱107,401,006
After 1 year but not more than 5 years	**2,214,310,948**	554,585,774
More than 5 years	**893,246,101**	190,373,781
	₱4,353,837,684	₱852,360,561

Rental income included in the statements of comprehensive income for the years ended December 31, 2015, 2014 and 2013 amounted to ₱2,246.14 million, ₱1,526.99 million and ₱1,332.17 million, respectively (Note 24).

35. Notes to Consolidated Statements of Cash Flows

The Group's noncash investing and financing activities pertain to the following:

a) Transfers from land and improvements to real estate inventories amounting ₱4,056,79 million, ₱2,187.79 million and ₱2,470.81 million in 2015, 2014 and 2013, respectively.
b) Transfers from property and equipment to investment property amounting to ₱62.72 million in 2015, ₱12.09 million in 2014 and nil in 2013.
c) Purchase of land that are payable from one to three years amounting ₱2,606.29 million ₱3,016.21 million, and ₱689.31 million in 2015, 2014 and 2013, respectively.
d) Transfer from real estate inventories to investment property amounting nil in 2015, ₱41.53 million in 2014 and ₱163.09 million in 2013.

Under the receivable discounting arrangements, the Group applies collections from installment contracts receivables against loans payable. The group considers the turnover of the receipts and payments under this type of arrangement as quicker and relatively shorter. Where the Group considers a quick turnaround, the receipts and payments are reported on a net basis. The effects on the cash flows arising from financing activities presented on a net basis follow:

	2015	2014	2013
Proceeds from loans payable	**₱3,003,541,462**	₱1,558,940,173	₱2,149,055,868
Collection of installment contract receivables	**(1,970,343,823)**	(2,017,760,661)	(1,800,120,673)
Proceeds from loans payable -net	**₱1,033,197,639**	(₱458,820,488)	₱348,935,195

	2015	2014	2013
Payments of loans payable	**(₱1,970,343,823)**	(₱2,017,760,661)	(₱1,800,120,673)
Collection of installment contract receivables	**1,970,343,823**	2,017,760,661	1,800,120,673
Payments of loans payable - net	**₱–**	₱–	₱–

36. Commitments and Contingencies

The Group has entered into several contracts with contractors for the development of its real estate properties. As of December 31, 2015 and 2014, these contracts have an estimated aggregate cost of ₱10,409.89 million and ₱9,777.15 million, respectively. These contracts are due to be completed on various dates starting January 2013 up to December 2020.

The progress billings are settled within one year from date of billings. These are unsecured obligations and carried at cost.

The Group has various contingent liabilities from legal cases arising from the ordinary course of business which are either pending decision by the courts or are currently being contested by the Group, the outcome of which are not presently determinable.

In the opinion of the management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect in the Group's financial position and results of operations.

37. Reclassifications

The Group's management reclassified some of its receivable and liability accounts from current to noncurrent in 2014. Accordingly, receivables and liabilities presented in 2013 were properly classified to conform to the 2014 presentation. The affected accounts follow:

	2014	2013
Effect of reclassification:		
Assets		
Other Receivables (Note 10)	₱433,389,853	₱476,251,956
Liabilities (Note 18)		
Retentions payable	₱185,379,015	₱180,684,956
Deferred output tax	68,600,468	178,323,023

The Group's management believes that the above presentation would be more useful to the users of the consolidated financial statements.

38. Approval of the Financial Statements

The consolidated financial statements of the Group as of December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015 were authorized for issue by the BOD on March 16, 2016.

SGV
Building a better working world

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BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
Vista Land & Lifescapes, Inc.
3rd Level Starmall Las Piñas
CV Starr Avenue, Philamlife Village
Pamplona, Las Piñas City

We have audited in accordance with Philippine Standards on Auditing the consolidated financial statements of Vista Land & Lifescapes, Inc. 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, 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 consolidated financial statements taken as a whole. The schedules listed in the Index to Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. Thus, schedules are presented for purposes of complying with Securities Regulation Code Rule No. 68, As Amended (2011) and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Michael C. Sabado
Partner
CPA Certificate No. 89336
SEC Accreditation No. 0664-AR-2 (Group A),
March 26, 2014, valid until March 25, 2017
Tax Identification No. 160-302-865
BIR Accreditation No. 08-001998-73-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 5321688, January 4, 2016, Makati City

March 16, 2016

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES

SCHEDULE A: FINANCIAL ASSETS

DECEMBER 31, 2015

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Value based on market quotation at end of reporting period	Income received and accrued
Cash and cash equivalents and Short-term cash investments	N/A	₱8,140,357,790	₱8,140,357,790	₱41,133,386
Installment contracts receivables	N/A	26,390,266,527	26,390,266,527	748,223,975
Investments in Held to Maturity and Available-for-sale financial assets	N/A	20,900,526,910	20,485,068,075	513,908,925
Total Financial Assets		**₱55,431,151,227**	**₱55,015,692,392**	**₱1,303,266,286**

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES

SCHEDULE B: AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDER (OTHER THAN RELATED PARTIES)

DECEMBER 31, 2015

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of period

NOT APPLICABLE

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES

SCHEDULE C: AMOUNTS RECEIVABLES/PAYABLES FROM/TO RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2015

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Converted to APIC/Capital Stock	Current	Noncurrent	Balance at end of period

NOT APPLICABLE - NO TRADE AND NON-TRADE TRANSACTIONS WITH SUBSIDIARIES AND AFFILIATES

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES

SCHEDULE D: INTANGIBLE ASSETS

DECEMBER 31, 2015

Description	Beginning balance	Additions	Amount of Amortization	Current	Not Current	Ending balance
Systems development cost	₱18,326,426	₱ 35,148,803.36	(₱2,094,969)	₱–	₱51,380,260	₱51,380,260

See Note 17 of the Consolidated Financial Statements.

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES

SCHEDULE E: LONG TERM DEBT

DECEMBER 31, 2015

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	Interest rates	Amount	Number of periodic installments	Maturity date
Notes payable	₱3,100,000,000	–	₱1,089,021,541	7.27%	₱1,089,021,541	Quarterly Interest payments; 17 quarterly principal payments starting April 2013	April 25, 2017
Notes payable	$100,000,000	–	₱2,809,639,312	6.75%	₱2,809,639,312	Semi-annual interest payments; bullet on principal	October 17, 2018
Notes payable	$225,000,000	–	₱8,126,223,850	7.45%	₱8,126,223,850	Semi-annual interest payments; bullet on principal	April 29, 2019
Notes payable	$300,000,000	–	₱13,483,032,769	7.375%	₱13,483,032,769	Semi-annual interest payments; bullet on principal	June 17, 2022
Notes payable	₱5,000,000,000	–	₱4,910,326,351	5.65% / 5.94%	₱4,910,326,351	Semi-annual interest payments; bullet on principal	April 29, 2019
Notes payable	₱500,400,000	₱4,652,684	₱6,011,161	5.00%	₱10,663,845	Quarterly interest payments; bullet on principal	November 19, 2017
		₱4,652,684	₱30,424,254,984		₱30,428,907,668		

See Note 21 of the Consolidated Financial Statements

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES

SCHEDULE F: INDEBTEDNESS TO RELATED PARTIES

DECEMBER 31, 2015

Name of related party	Balance at beginning of period	Balance at end of period

NOT APPLICABLE

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES

SCHEDULE G: GUARANTEES OF SECURITIES OF OTHER ISSUERS

DECEMBER 31, 2015

Name of issuing entity of securities guaranteed by the company for which this statements is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount of owned by person for which statement is filed	Nature of guarantee

NOT APPLICABLE

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES

SCHEDULE H: CAPITAL STOCK

DECEMBER 31, 2015

Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers and employees	Others
Common Stock, P1 par value	16,900,000,000	12,507,024,653	–	8,181,013,353	517,175,161	3,808,836,139
Preferred Stock, P0.01 par value	10,000,000,000	3,300,000,000	–	3,300,000,000	–	–

See Note 23 of the Consolidated Financial Statements

VISTA LAND AND LIFESCAPES, INC. AND SUBSIDIARIES

SCHEDULE OF ALL THE EFFECTIVE STANDARDS AND INTERPRETATIONS
[which consist of PFRSs, Philippine Accounting Standards (PASs) and Philippine Interpretations] effective as of December 31, 2015:

Below is the list of all effective PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) as of
December 31, 2015:

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	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			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	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	✓		
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments*		✓	
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures*		✓	

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
PFRS 10	Consolidated Financial Statements	✓		
PFRS 11	Joint Arrangements	✓		
PFRS 12	Disclosure of Interests in Other Entities	✓		
PFRS 13	Fair Value Measurement	✓		
Philippine Accounting Standards				
PAS 1 (Revised)	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	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets			✓
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	✓		
PAS 19 (Amended)	Employee Benefits	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27	Consolidated and Separate Financial Statements	✓		
PAS 27 (Amended)	Separate Financial Statements	✓		
PAS 28	Investments in Associates	✓		
PAS 28 (Amended)	Investments in Associates and Joint Ventures*	✓		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
PAS 31	Interests in Joint Ventures	✓		
PAS 32	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*		✓	
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
PAS 39	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 Financial Assets - Effective Date and Transition			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
PAS 40	Investment Property			✓
PAS 41	Agriculture			✓
Philippine Interpretations				
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 8	Scope of PFRS 2			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓

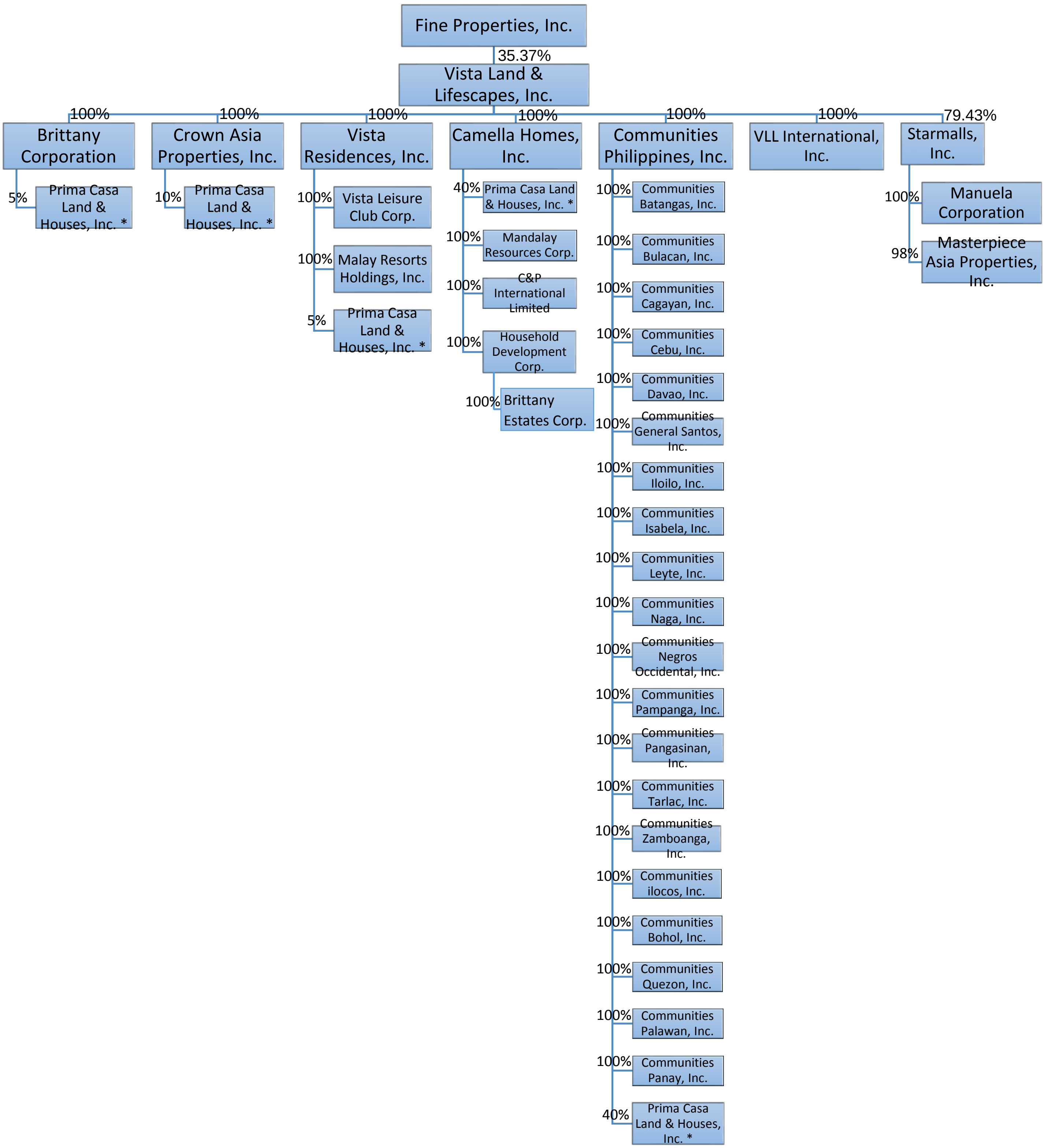
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2015		Adopted	Not Adopted	Not Applicable
IFRIC 11	PFRS 2 - Group and Treasury Share Transactions			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine*			✓
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

Standards tagged as “Not applicable” have been adopted by the Group but have no significant covered transactions for the year ended December 31, 2014.

Standards tagged as “Not adopted” are standards issued but not yet effective as of December 31, 2014. The Group will adopt the Standards and Interpretations when these become effective.

Group Structure

Below is the map showing the relationship between and among group and its Ultimate parent company, and its subsidiaries as of December 31, 2015.



Vista Land's combined ownership in Prima Casa Land & Houses, Inc. is 100%.

VISTA LAND & LIFESCAPES, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL RATIOS

DECEMBER 31, 2015

Below are the financial ratios that are relevant to the Group for the years ended December 31, 2015, 2014 and 2013.

		2015	2014	2013
Current ratio	Current assets / Current liabilities	**3.42**	2.94	3.75
Long-term debt-to-equity ratio	Long-term debt[1] / Equity	**0.87**	0.58	0.40
Debt ratio	Interest bearing debt[2] / Total assets	**0.40**	0.34	0.27
Debt to equity ratio	Interest bearing debt[2] / Total equity	**0.87**	0.66	0.40
Net debt to equity ratio	Net debt[3] / Total equity	**0.46**	0.23	0.13
Asset to equity ratio	Total assets / Total equity	**2.19**	1.95	1.67
Interest service coverage ratio	EBITDA / Total interest paid	**2.70**	3.28	4.16
Asset to liability ratio	Total Assets / Total Liabilities	**1.84**	2.06	2.50

[1] Pertains to long term portion of the Bank loans, Loans payable and Notes payable

[2] Includes Bank loans, and Notes payable

[3] Interest bearing debt less Cash and cash equivalents, Short-term and Long-Term cash investments, AFS (quoted debt securities) and HTM

*Not early adopted.

COVER SHEET

C	S	2	0	0	7	0	3	1	4	5

S.E.C. Registration Number

VISTA LAND & LIFESCAPES, INC.

(Company's Full Name)

3RD LEVEL STARMALL LAS PINAS, CV STARR AVENUE, PHILAMLIFE VILL. PAMPLONA LAS PIÑAS CITY

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

Brian N. Edang
Contact Person

226-3552 ext. 0088
Company Telephone Number

1	**2**		**3**	**1**
Month			*Day*	

Calendar Year

Consolidated Changes in the ACGR for 2015
FORM TYPE

0	**6**		**1**	**5**
Month			*Day*	

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

SECURITIES AND EXCHANGE COMMISSION

SEC FORM – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

1. Report is Filed for the Year **2015**

2. Exact Name of Registrant as Specified in its Charter **Vista Land & Lifescapes, Inc.**

3. **3rd Level Starmall Las Piñas C.V. Starr Avenue, Philamlife Village, Pamplona, Las Piñas City** 1746
   Address of Principal Office Postal Code

4. SEC Identification Number **CS200703145**

5. (SEC Use Only)
   Industry Classification Code

6. BIR Tax Identification Number **006-652-678-000**

7. **(632) 874-5758 / (632) 572-6947**
   Issuer's Telephone number, including area code

8. **N/A**
   Former name or former address, if changed from the last report

TABLE OF CONTENTS

A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	7

Actual number of Directors for the year	7

(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)	Elected when (Annual /Special Meeting)	No. of years served as director[1]
Manuel B. Villar, Jr.	NED	Not applicable	Fine Properties, Inc.	9-11-13	6-15-15	Annual Meeting	1.75
Manuel Paolo A. Villar	ED	Not applicable	Fine Properties, Inc.	3-16-07	6-15-15	Annual Meeting	8.25
Cynthia J. Javarez	ED	Not applicable	Fine Properties, Inc.	6-08-07	6-15-15	Annual Meeting	8.25
Maribeth C. Tolentino	ED	Not applicable	Fine Properties, Inc.	3-16-07	6-15-15	Annual Meeting	8.00
Marcelino C. Mendoza	NED	Not applicable	Fine Properties, Inc.	3-16-07	6-15-15	Annual Meeting	8.25
Marilou O. Adea	ID	Not applicable	Cynthia Delfin, not related	3-16-07	6-15-15	Annual Meeting	8.25
Ruben O. Fruto	ID	Not applicable	Cynthia Delfin, not related	6-16-08	6-15-15	Annual Meeting	7.00

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

The essence of corporate governance is transparency. The more transparent the internal workings of the corporation are, the more difficult it will be for Management and dominant stockholders to mismanage the corporation or misappropriate its assets.

It is therefore essential that all material information about the corporation which could adversely affect its viability or the interests of the stockholders should be publicly and timely disclosed. Such information should include, among others, earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct and indirect remuneration of members of the Board and Management. All such information should be disclosed through the appropriate Exchange mechanisms and submissions to the Commission.

The Company's Board has adopted a Manual on Corporate Governance on March 31, 2007 and revised on June 21, 2010. The Company's Manual on Corporate Governance describes the terms and conditions by which the Company intends to conduct sound corporate governance practices that are consistent with the relevant laws and regulations of the Republic of the Philippines, and which seek to enhance business transparency and build shareholder value.

Ultimate responsibility and oversight of the Company's adherence to superior corporate governance practices rests with the Board of Directors. As a policy matter, the Board will hold monthly meetings, at which any number of relevant corporate governance issues may be raised for discussion.

[1] As of June 15, 2015.

Practical oversight of the Company's corporate governance standards is exercised through the Board's three standing committees:

- The Audit Committee is charged with internal audit oversight over all of the Company's business transactions and the effective management of risk.

- The Nomination Committee is charged with ensuring that potential candidates for the Board are fully qualified as well as ensuring that the Board maintains adequate independent membership.

- The Compensation and Remuneration Committee is charged with ensuring that fair and competitive compensation policies are maintained.

The Company is committed to building a solid reputation for sound corporate governance practices, including a clear understanding by its Directors of the Company's strategic objectives, structures to ensure that such objectives are realized, systems to ensure the effective management of risks and the systems to ensure the Company's obligations are identified and discharged in all aspects of its business. Each January, the Company will issue a certification to the Philippines Securities and Exchange Commission and the Philippine Stock Exchange that it has fulfilled its corporate governance obligations.

In October 2012, In compliance with SEC Memo Circular No. 4 series of 2012, the Board approved and adopted the Audit Committee Charter.

As of December 31, 2015, there are no known material deviations from the Company's Manual of Corporate governance.

The Company is taking further steps to enhance adherence to principles and practices of good corporate governance.

(c) How often does the Board review and approve the vision and mission?

The Board formulated the Corporation's vision, mission, strategic objectives, policies and procedures that shall guide its activities, including the means to effectively monitor Management's performance which is subject to quarterly review together with the Manual on Corporate Governance unless the same frequency is amended by the Board.

(d) Directorship in Other Companies

(i) Directorship in the Company's Group[2]

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

Director's Name	**Corporate Name of the Group Company**	**Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.**
Manuel B. Villar, Jr.	Fine Properties, Inc.	Non-executive
Manuel Paolo A. Villar	Fine Properties, Inc. Crown Asia Properties, Inc. Brittany Corporation	Non-executive President-Chairman President
Cynthia J. Javarez	Fine Properties, Inc. Vista Residences, Inc. Crown Asia Properties, Inc. Communities Zamboanga, Inc. Communities Tarlac, Inc. Communities Quezon, Inc. Communities Philippines, Inc. Communities Pangasinan, Inc.	Non-executive Non-executive Non-executive Non-executive Non-executive Non-executive Non-executive Non-executive

[2] The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

	Communities Pampanga, Inc. Communities Palawan, Inc. Communities Panay, Inc. Communities Negros, Inc. Communities Naga, Inc. Communities Leyte, Inc. Communities Isabela, Inc. Communities Iloilo, Inc. Communities Ilocos, Inc. Communities General Santos, Inc. Communities Davao, Inc. Communities Cagayan, Inc. Communities Cebu, Inc. Communities Bulacan, Inc. Communities Bohol, Inc. Communities Batangas, Inc. Brittany Corporation Brittany Estates Corp. Prima Casa Land & Houses, Inc. Vista Leisure Club, Corp.	Non-executive Non-executive Non-executive Non-executive Non-executive Non-executive Non-executive Non-executive Non-executive Non-executive Non-executive Non-executive Non-executive Non-executive Non-executive Non-executive Non-executive Non-executive Non-executive Non-executive
Maribeth C. Tolentino	Vista Residences, Inc. Mandalay Resources Corp. Household Development Corporation Camella Homes, Inc.	President-Chairman Non-Executive President-Chairman CEO & COO-Chairman
Marcelino C. Mendoza	None	N/A
Marilou O. Adea	None	N/A
Ruben O. Fruto	None	N/A

(ii) Directorship in Other Listed Companies

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

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Manuel B. Villar, Jr.	Starmalls, Inc.	Non-Executive/Chairman
Manuel Paolo A. Villar	Starmalls, Inc.	Non-Executive

(iii) Relationship within the Company and its Group

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

Director's Name	Name of the Significant Shareholder	Description of the relationship
Manuel Paolo A. Villar	Manuel B. Villar, Jr.[3]	Parent

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines: NO

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	The Board may consider the adoption of guidelines on the number of directorships that its members can hold in stock and non-stock	
Non-Executive Director		

[3] Through Fine Properties, Inc., of which Mr. Manuel B. Villar, Jr. and his spouse are the controlling shareholders. Mr. Manuel B. Villar, Jr. is also currently the Chairman of the Board of the Company.

CEO	corporations. The optimum number should take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities. The Chief Executive Officer ("CEO") and other executive directors may be covered by a lower indicative limit for membership in other boards. A similar limit may apply to independent or non-executive directors who, at the same time, serve as full-time executives in other corporations. In any case, the capacity of the directors to diligently and efficiently perform their duties and responsibilities to the boards they serve should not be compromised. *(Item #2B. Board Governance. Manual on Corporate Governance Revised June 2010)*

(e) Shareholding in the Company

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

Name of Director	Number of Direct shares*	Number of Indirect shares / Through (name of record owner)	% of Capital Stock*
Manuel B. Villar, Jr.	293,969,016[4]	6,193,512,669[5]	41.042%
		3,300,000,000[6]	20.877%
Manuel Paolo A. Villar	222,796,324	None	1.409%
Cynthia J. Javarez	160	None	0.0%
Maribeth C. Tolentino	200,000	None	0.0%
Marcelino C. Mendoza	206,690	None	0.0%
Marilou O. Adea	1	None	0.0%
Ruben O. Fruto	1,000	None	0.0%
TOTAL	**517,173,191**		**63.328%**

**based on total outstanding shares as of December 31, 2015*

2) Chairman and CEO

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

Yes ✓ No ☐

Identify the Chair and CEO:

Chairman of the Board	Manuel B. Villar, Jr.
CEO/President	Manuel Paolo A. Villar

(b) Roles, Accountabilities and Deliverables

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

	Chairman	Chief Executive Officer
Role	The roles of Chairman and CEO should, as much as practicable, be separate to foster an appropriate balance of power, increased accountability and better capacity for independent decision-making by the Board. A clear delineation of functions should be made between the Chairman and CEO upon their election. *(Item #2C. Manual on Corporate Governance Revised 2010)*	

[4] Shares are lodged with the PCD.
[5] Held indirectly through Fine Properties, Inc., of which Mr. Manuel B. Villar, Jr. and his spouse are the controlling shareholders.
[6] Consists of Preferred Shares held indirectly through Fine Properties, Inc., of which Mr. Manuel B. Villar, Jr. and his spouse are the controlling shareholders.

	The Chairman effectively acts as the senior representative of shareholders and is responsible for upholding shareholders' interests.	The CEO is the senior decision maker who is involve in the overseeing departmental managers and taking personal charge of major strategy decisions.
Accountabilities	1. Ensure that the meetings of the Board are held in accordance with the by-laws or as the Chair may deem necessary; 2. Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, Management and the directors; and 3. Maintain qualitative and timely lines of communication and information between the Board and Management. *(Item #2C. Manual on Corporate Governance as Revised June 2010)*	1. To preside at the meetings of the stockholders; 2. To initiate and develop corporate objectives and policies and formulate long range projects, plans and programs for the approval of the Board of Directors, including those for executive training, development and compensation 3. To supervise and manage the business affairs of the corporation upon the direction of the Board of Directors; 4. To implement the administrative and operational policies of the corporation under his supervision and control; 5. To appoint, remove, suspend or discipline employees of the corporation, prescribe their duties, and determine their salaries; 6. To represent the corporation at all functions and proceedings; 7. To execute on behalf of the corporation all contracts, agreements and other instruments affecting the interest if the corporation which require the approval of the Board of Directors; 8. To make reports to the Board of Directors and stockholders 9. To sign certificates of stock; and 10. To perform such other duties as are incident to his office or are entrusted to him by the Board of Directors. *(Article IV. Section 2. President – By-Laws as Amended May 2007)*
Deliverables	- Preparation and conduct of Board and stockholders' meetings - Performance evaluation of CEO and other Board members' effectiveness - Special assignments in collaboration with the CEO and management or the Board of Directors	- Annual President's Report - Reports to the Board of Directors and Stockholders - Corporate objectives and policies - Long range projects, plans and programs including those for executive training, development and compensation

3) Explain how the board of directors plans for the succession of the CEO/Managing Director/President and the top key management positions?

The Company's Board has established the following practices in terms of succession planning:

1. Identify those individuals with the potential to assume greater responsibility in the organization
2. Define the competencies and motivational profile required to undertake those key roles
3. Provide critical development experiences to those that can move into those key roles
4. Engage the leadership in supporting the development of high potential leaders

5. Build a database that can be used to make better staffing decisions for key jobs

The Company has additional objectives that are embedded in the succession process as follows:

1. Improve employee commitment and retention
2. Meet the career development expectations of existing employees
3. Counter the increasing difficulty and cost of recruiting employees externally

4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.
The nomination committee formulates screening policies to enable the committee to effectively review the qualification of the nominees. Any person having at least one share of stock registered in his name in the books of the Corporation may be nominated and elected to the Board of Directors, provided, however, that no person shall qualify or be eligible for nomination or election to the Board of Directors if he is engaged in any business which competes with or is antagonistic to that of the Corporation or any of its subsidiaries or affiliates.

The other executive, non-executive directors and independent director should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board and Management. *(Article III. Section 3. By-laws as Amended May 2007)*

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

Yes, so that such non-executive director is able to participate effectively and make sound decisions and informed judgment especially on items or transactions peculiar to the Company's industry. A director should also keep abreast with industry developments and business trends in order to promote the corporation's competitiveness.

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

<table>
<tr><th></th><th>Executive</th><th>Non-Executive</th><th>Independent Director</th></tr>
<tr><td>Role</td><td colspan="3">It shall be the Board's responsibility to foster the long-term success of the Corporation and secure its sustained competitiveness in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Corporation, its shareholders and other stakeholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities. (Item#2,D,1. Manual on Corporate Governance as Revised June 2010.)

A director's office is one of trust and confidence. A director should act in the best interest of the corporation in a manner characterized by transparency, accountability and fairness. He should also exercise leadership, prudence and integrity in directing the corporation towards sustained progress.</td></tr>
<tr><td>Accountabilities</td><td colspan="3" rowspan="2">a) Conduct fair business transactions with the corporation, and ensure that his personal interest does not conflict with the interests of the corporation
b) Devote the time and attention necessary to properly and effectively perform his duties and responsibilities
c) Act judiciously
d) Exercise independent judgment
e) Have a working knowledge of the statutory and regulatory requirements that affect the corporation, including its articles of incorporation and by-laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies
f) Observe confidentiality
(Item#2,D,3. Manual on Corporate Governance as Revised June 2010.)</td></tr>
<tr><td>Deliverables</td></tr>
</table>

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

The company complies with SEC Memorandum Circular No. 16, Series of 2002 which defines Independent Director as a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in any corporation that meets the requirements of Section 17.2 of the Securities Regulation Code and includes, among others, any person who:

i. Is not a director or officer or substantial stockholder of the corporation or of its related companies or any of its substantial shareholders (other than as an independent director of any of the foregoing);
ii. Is not a relative of any director, officer or substantial shareholder of the corporation, any of its related companies or any of its substantial shareholders. For this purpose, relatives includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
iii. Is not acting as a nominee or representative of a substantial shareholder of the corporation, any of its related companies or any of its substantial shareholders;
iv. Has not been employed in any executive capacity by that public company, any of its related companies or by any of its substantial shareholders within the last five (5) years;
v. Is not retained as professional adviser by that public company, any of its related companies or any of its substantial shareholders within the last five (5) years, either personally of through his firm;
vi. Has not engaged and does not engage in any transaction with the corporation or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms length and are immaterial or insignificant.

Independence refers to the independence from parties that may have a financial interest. It requires integrity and an objective approach. The concept requires the ability to carry out his or her work freely and in an objective manner.

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

The Company will adopt the Securities and Exchange Commission's Memorandum Circular NO. 9 Series of 2011 that sets the Term Limits of Independent Directors which states the following:

1. There shall be no limit in the number of covered companies that a person may be elected as Independent Director (ID), except in the business conglomerates where an ID can be elected to only five (5) companies of the conglomerate, i.e. parent company, subsidiary or affiliate;
2. ID can serve as such for five (5) consecutive years, provided in that service for a period of at least six (6) months shall be equivalent to one (1) year, regardless of the manner by which the ID position was relinquished or terminated;
3. After completion of the five-year service period, an ID shall be ineligible for election as such the same company unless the ID has undergone a "cooling off" period of two (2) years, provided, that during such period, the ID concerned has not engaged in any activity that under existing rules disqualifies a person from being elected as ID in the same company; as such in the same company after the "cooling off" period cans serve for another five (5) consecutive years under the conditions mentioned in paragraph 2 above;
4. An ID re-elected
5. After serving as ID for ten (10) years, the ID shall be perpetually barred from being elected as such the same company, without prejudice to being elected as ID in other companies outside of the business conglomerate, where applicable, under the same conditions provided for in the above mentioned Circular
6. The foregoing rules shall take effect on January 2, 2012. All previous terms served by existing IDs shall not be included in the application of the term limits subject of this Circular.

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

(a) Resignation/Death/Removal

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

None

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

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

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	It shall pre-screen and shortlist all candidates nominated to become a member of the Board in accordance with the qualifications and disqualifications set forth in the Company's Manual on Corporate Governance. *(Item #3A. Board Committees – Nomination Committee. Manual on Corporate Governance as Revised June 2010)*	Qualifications: 1) Holder of at least one (1) share of stock of the Corporation; 2) He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education; 3) He shall be at least twenty one (21) years old; 4) He shall have proven to possess integrity and probity; and 5) He shall be assiduous. *(Item #3A. Board Committees – Nomination Committee. Manual on Corporate Governance as Revised June 2010)*
b. Re-appointment		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	It shall pre-screen and shortlist all candidates nominated to become a member of the Board in accordance with the qualifications and disqualifications set forth in the Company's Manual on Corporate Governance. *(Item #3A. Board Committees – Nomination Committee. Manual on Corporate Governance as Revised June 2010)*	Qualifications: 1) Holder of at least one (1) share of stock of the Corporation; 2) He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education; 3) He shall be at least twenty one (21) years old; 4) He shall have proven to possess integrity and probity; and 5) He shall be assiduous. *(Item #3A. Board Committees – Nomination Committee. Manual on Corporate Governance as Revised June 2010)*
c. Permanent Disqualification		
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	a) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them; b) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent	

	jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasibank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities. The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or Bangko Sentral ng Pilipinas (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization; c) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts; d) Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rule, regulation or order; e) Any person earlier elected as independent director who becomes an officer, employee or consultant of the same corporation; f) Any person judicially declared as insolvent; g) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs (i) to (v) above; h) Conviction by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment. *(Item #3A. Board Committees – Nomination Committee. Manual on Corporate Governance as Revised June 2010)*
d. Temporary Disqualification	
(i) Executive Directors (ii) Non-Executive Directors (iii) Independent Directors	a) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists. b) Absence in more than fifty (50) percent of all regular and special meetings of the Board during his incumbency, or any twelve (12)

	month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident. The disqualification shall apply for purposes of the succeeding election. c) Dismissal or termination for cause as director of any corporation covered by the Code of Corporate Governance. The disqualification shall be in effect until he has cleared himself from any involvement in the cause that gave rise to his dismissal or termination. d) If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with. e) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final. A temporarily disqualified director shall, within sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent. In consultation with the executive or management committee/s, re-define the role, duties and responsibilities of the Chief Executive Officer by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times. *(Item #3A. Board Committees – Nomination Committee. Manual on Corporate Governance as Revised June 2010)*
e. Removal	
(i) Executive Directors	The Company follows Section 28 of the Corporation Code of the Philippines which states that "Any director or trustee of a corporation maybe removed from office by a vote of the stockholders holding or representing at least two-thirds (2/3) of the members entitled to vote: Provided, that such removal shall take place either at a regular meeting of the Corporation or at a special meeting called for the purpose, and in either case, after previous notice to stockholders or members of the Corporation of the intention to propose such removal at the meeting…"
(ii) Non-Executive Directors	
(iii) Independent Directors	
f. Re-instatement	
(i) Executive Directors	None. To be developed.
(ii) Non-Executive Directors	
(iii) Independent Directors	
g. Suspension	
(i) Executive Directors	None. To be developed.
(ii) Non-Executive Directors	
(iii) Independent Directors	

Voting Result of the last Annual General Meeting – June 15, 2015

Name of Director	Votes Received
Manuel B. Villar, Jr.	9,824,366,850
Manuel Paolo A. Villar	9,670,510,556
Cynthia J. Javarez	9,670,543,656

Marcelino A. Mendoza	9,665,433,356
Maribeth C. Tolentino	8,542,082,168
Marilou Adea (Independent)	9,875,001,850
Ruben O. Fruto (Independent)	9,862,785,150

6) Orientation and Education Program

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

If necessary, funds shall be allocated by the CFO or its equivalent officer for the purpose of conducting an orientation program or workshop to operationalize the Company's Manual on Corporate Governance.

A director shall, before assuming as such, be required to attend a seminar on corporate governance which shall be conducted by a duly recognized private or government institute. *(Item #12. Training Process. Manual on Corporate Governance as Revised June 2010)*

(b) State any in-house training and external courses attended by Directors and Senior Management[7] for the past three (3) years:

Management Development Program (MDP) is a certificate course or an abridged version of a business school MBA. The MDP is a three-month highly intensive program comprised of 10 modules that, essentially, offers the same learning as an MBA.

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

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Manuel B. Villar, Jr. Manuel Paolo A. Villar Cynthia J. Javarez Marcelino C. Mendoza Maribeth C. Tolentino Ma. Nalen Rosen-Galang Ruben O. Fruto Marilou O. Adea Brian N. Edang Loida D. Nacario	November 23, 2015	Corporate Governance Seminar	Philippine Corporate Enhancement and Governance, Inc. *(formerly Philippine Securities Consultancy Corporation)*
Gemma M. Santos	August 17-18, 2015	Corporate Secretary as Corporate Governance Professional Course	Institute of Corporate Directors

B. CODE OF BUSINESS CONDUCT & ETHICS

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

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid	Each employee has a responsibility to the Company to avoid situations where a conflict of interest might occur. Employees are required to disclose to the Company any interest or benefits they have that may	

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

	situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position. A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the corporation, or stands to acquire or gain financial advantage at the expense of the corporation. *(Item #2,D,3. Manual on Corporate Governance as Revised June 2010)*	conflict with the business or interests of the Company. Employees are expected to devote their full attention to the business interests of the Company. They are prohibited from engaging in any activity that interferes with the performance of their responsibilities to the Company or is otherwise in conflict with or prejudicial to the Company. Employees are prohibited from accepting simultaneous employment with another company, or with a supplier, customer, or competitor, and from taking part in any activity that enhances or supports a competitor's position. As a general rule, employees should also avoid conducting Company business with related parties. Willful withholding of information regarding a prohibited relationship may be subject to corrective action.
(b) Conduct of Business and Fair Dealings	The Company expects all employees to exercise good judgment to ensure the safety and welfare of the Company and to maintain a cooperative, efficient, and productive work environment and business organization. These standards apply while working on company premises, at offsite locations where company business is being conducted, at company-sponsored business and social events, or at any other place where the employee is a representative of the Company. Employees who engage in misconduct or whose behavior is unsatisfactory may be subject to corrective action.	
(c) Receipt of gifts from third parties	Under no circumstances may employees accept any offer, payment, money, gift, or anything of value from customers, vendors, consultants, etc. that is perceived as intended, directly or indirectly, to influence any business decision. Employees are required to disclose names of external parties who are engaged in these practices and to surrender to the company for proper disposition, any material object given to them arising from similar transactions.	
(d) Compliance with Laws & Regulations	Have a working knowledge of the statutory and regulatory requirements that affect the corporation, including its articles of incorporation and by-laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies. A director and an employee should also keep abreast with industry developments and business trends in order to promote the corporation's competitiveness. *(Manual on Corporate Governance as Revised June 2010)*	
(e) Respect for Trade Secrets/Use of Non-public Information	A director or an employee should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director or as employee. He should not reveal confidential information to unauthorized persons without the authority of the Board. *(Manual on Corporate Governance as Revised June 2010)*	
(f) Use of Company Funds, Assets and Information	All employees are responsible for the proper use of Company assets, and must safeguard such assets against loss, damage, misuse or theft. Employees who violate this policy or who demonstrate poor judgment in the manner in which they use any Company asset may be subject to disciplinary action. Company equipment and assets are to be used for business purposes only. Employees may not use them for personal use, nor should they allow any other person to use Company assets.	

	Every Company employee is personally responsible for all Company funds over which he or she exercises control. Company funds must be used only for business purposes. Every employee must take reasonable steps to ensure that the Company receives good value for Company funds spent, and must maintain accurate and timely records of each and every expenditure. Expense reports must be accurate and submitted in a timely manner. Employees must not use Company funds for any personal purpose. The Company furnishes employees with equipment needed to efficiently and effectively do their jobs. Employees are expected to take care of that equipment and use it responsibly only for business purposes. They must take precautions to protect it from theft or damage, just as if it were their own. If they are no longer connected with the company, the same must be immediately returned.
(g) Employment & Labor Laws & Policies	Have a working knowledge of the statutory and regulatory requirements that affect the corporation, including its articles of incorporation and by-laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies. A director and an employee should also keep abreast with industry developments and business trends in order to promote the corporation's competitiveness. *(Manual on Corporate Governance as Revised June 2010)*
(h) Disciplinary action (i) Whistle Blower (j) Conflict Resolution	The HR Head is designated to take action he considers appropriate in order to investigate any actual or potential violations reported to him. If after such investigation, the officer believes that a violation has occurred, the HR Head shall report the matter to the Executive Committee. If the Committee concurs that a violation has occurred, it will consider appropriate action. Open-door policy. The open door is a voluntary process that allows the employee to talk with his/her immediate supervisor or to a higher level of management without fear of retaliation.

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

   Yes. All directors, executives, division and department heads are tasked to ensure the thorough dissemination of this Manual to all employees and related third parties, and to likewise enjoin compliance in the process. *(Item#11. Communication Process. Manual on Corporate Governance as Revised June 2010)*

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

   To ensure adherence to corporate principles and best practices, the Chairman of the Board shall designate a Compliance Officer who shall hold the position of a Vice President or its equivalent. He shall have direct reporting responsibilities to the Chairman of the Board.

   He shall perform the following duties:

   a) Monitor compliance with the provisions and requirements of this Manual and the rules and regulations of regulatory agencies and, if any violations are found, report the matter to the Board and recommend the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation;

   b) Appear before the Securities and Exchange Commission when summoned in relation to compliance with this Manual; and

   c) Issue a certification every January 30th of the year on the extent of the Corporation's compliance with this Manual for the completed year, and, if there are any deviations, explain the reason for such deviation. *(Item #5. Compliance Officer. Manual on Corporate Governance as Revised June 2010)*

4) Related Party Transactions

   (a) Policies and Procedures

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

Related Party Transactions	Policies and Procedures
(1) Parent Company	The Company's policy with respect to related-party transactions is to ensure that these transactions are entered into on terms at least comparable to those available from unrelated third parties. There are no special risks or contingencies arising from these transactions and these transactions, being in the ordinary and regular course of business, do not materially affect the financial statements of the Company.
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including spouse/children/siblings/parents	
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

(b) Conflict of Interest

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

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

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	None
Name of Officer/s	None
Name of Significant Shareholders	None

(ii) Mechanism

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

	Directors/Officers/Significant Shareholders
Company	The Company follows the following steps in managing conflict of interest: 1. Identify relevant conflict of interest situations 2. Establish procedures to identify, manage, and resolve conflict of interest situations 3. Demonstrate leadership commitment 4. Create partnership with employees 5. Enforce conflict of interest policy
Group	

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,[8] commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
The Company is not aware of any relation of a family, commercial, or contractual or business nature that exists between the holders of significant equity (5% or more).		

[8] Family relationship up to the fourth civil degree either by consanguinity or affinity.

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

Names of Related Significant Shareholders	Type of Relationship	Brief Description
The Company is not aware of any relation of a family, commercial, or contractual or business nature that exists between the holders of significant equity (5% or more).		

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

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
None		

6) Alternative Dispute Resolution

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

	Alternative Dispute Resolution System
Corporation & Stockholders	1. Negotiation
Corporation & Third Parties	2. Mediation
Corporation & Regulatory Authorities	3. Arbitration

C. BOARD MEETINGS & ATTENDANCE

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

Yes. Regular meetings of the Board of Directors shall be held once a month on such date and at places as may be called by the Chairman of the Board, or upon request of a majority of the Directors. *(Section 5. Meetings - By-Laws as Amended May 2007)*

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Manuel B. Villar, Jr.	06-15-15	12	12	100
Member	Manuel Paolo A. Villar	06-15-15	12	12	100
Member	Cynthia J. Javarez	06-15-15	12	12	100
Member	Marcelino C. Mendoza	06-15-15	12	12	100
Member	Maribeth C. Tolentino	06-15-15	12	12	100
Member	Ricardo B. Tan, Jr.	06-15-15	12	12	100
Independent	Marilou O. Adea	06-15-15	12	12	100
Independent	Ruben O. Fruto	06-15-15	12	12	100

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

None

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

A majority of the number of directors as fixed in the Articles of Incorporation shall constitute a quorum for the transaction of corporate business and every decision of at least a majority of the directors present at a meeting which there is a quorum shall be valid as a corporate act, except for the election of officers which shall require the vote of a majority of all members of the Board. *(Article III. Section 7. Quorum - By-Laws as amended May 2007)*

Independent directors should always attend Board meetings. Unless otherwise provided in the by-laws, their absence shall not affect the quorum requirement. However, the Board may, to promote transparency, require the presence of at least one independent director in all its meetings. *(Item #2,E. Board Governance – Board Meetings and Quorum Requirement. Manual on Corporate Governance Revised 2010)*

5) Access to Information

(a) How many days in advance are board papers[9] for board of directors meetings provided to the board?

Seven (7) days.

Notice of the regular or special meeting of the Board, specifying the date, time and place of the meeting, shall be communicated by the Secretary to each director personally, or by telephone, telegram, or by written message. A director may waive this requirement, either expressly or impliedly. *(Article III. Section 6. Notice – By-Laws as Amended May 2007)*

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

Yes

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

As stated in Section 4 of the Corporation's By-Laws as amended May 2007, the Secretary shall have the following powers and duties:

a) To record the minutes and transactions of all meetings of the directors and the stockholders to maintain minute books of such meetings in the form and manner required by law;
b) To keep record books showing the details required by law with respect to the stock certificates of the corporation, including ledgers and transfer books showing all shares of the corporation subscribe, issued and transferred;
c) To keep the corporate seal and affix it to all papers and documents requiring a seal, and to attest by his signature all corporate documents requiring the same;
d) To attend to the giving and serving of all notices of the corporation required by law or these by-laws to be given;
e) To certify to such corporate acts, countersign corporate documents or certificates, and make reports or statements as me be required of him by law or by government rules and regulations;
f) To act as the inspector at the election of directors and, as such, to determine the number of shares of stock outstanding and entitled to vote, the shares of stock represented at the meeting, the existence of a quorum, the validity and effect of proxies, and to receive votes, ballots or consents, hear and to determine questions in connection with the right to vote, count and tabulate all votes, determine the result, and do such acts as are proper to conduct the election.
g) To perform such other duties as are incident to his office or as may be assigned to him by the Board of Directors or the President.

The Manual on Corporate Governance as Revised on June 2010 states that - The Corporate Secretary, who should be a Filipino citizen and a resident of the Philippines, is an officer of the corporation. He/She should -

a) Be responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its committees, as well as the other official records of the Corporation;
b) Be loyal to the mission, vision and objectives of the Corporation;
c) Work fairly and objectively with the Board, Management and stockholders;
d) Have appropriate administrative and interpersonal skills;

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

e) If he/she is not at the same time the Corporation's legal counsel, be aware of the laws, rules and regulations necessary in the performance of his duties and responsibilities;
f) Have a working knowledge of the operations of the Corporation;
g) Inform the members of the Board, in accordance with the bylaws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
h) Attend all Board meetings, except when justifiable causes, such as, illness, death in the immediate family and serious accidents, prevent him from doing so;
i) Ensure that all Board procedures, rules and regulations are strictly followed by the members; and
j) If he/she is also the Compliance Officer, perform all the duties and responsibilities of the said officer as provided for in this Code.

(Item #4. The Corporate Secretary. Manual on Corporate Governance as Revised June 2010)

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

Yes, the Company's Corporate Secretary is legal practice trained. Atty. Gemma M. Santos, graduated cum laude with the degree of Bachelor of Arts, Major in History from the University of the Philippines in 1981, and with the degree of Bachelor of Laws also from the University of the Philippines in 1985. She is a practicing lawyer and Senior Partner of Picazo Buyco Tan Fider & Santos Law Offices.

(e) Committee Procedures

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

Yes ✓ No ☐

Committee	Details of the procedures
Executive	For information not included in the Board Book, the following procedures shall apply 1. Send request of information to the relevant department head as endorsed by the Chairman of the Board 2. Relevant department head prepares the information requested
Audit	
Nomination	
Remuneration	
Others (specify)	Not applicable

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details: There is no such procedure.

Procedures	Details
Not applicable	

7) Change/s in existing policies

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

Existing Policies	Changes	Reason
Not applicable. There were no changes introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the Company.		

D. REMUNERATION MATTERS

1) Remuneration Process

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

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	Performance based	Performance based
(2) Variable remuneration	Benefits (allowance)	Benefits (allowance)
(3) Per diem allowance	Not applicable	Not applicable
(4) Bonus	13th / 14th month pays	13th / 14th month pays
(5) Stock Options and other financial instruments	Not applicable	
(6) Others (specify)	Not applicable	

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

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

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors Non-Executive Directors	The Compensation and Remuneration Committee shall be composed of at least three (3) members, one of whom shall be an independent director, to establish a formal and transparent procedure for developing a policy on remuneration of directors and officers to ensure that their compensation is consistent with the Corporation's culture, strategy and the business environment in which it operates. The following shall be the duties and responsibilities of the Compensation and Remuneration Committee: a) Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation's culture, strategy and control environment. b) Designate amount of remuneration, which shall be in a sufficient level to attract and retain directors and officers who are needed to run the company successfully. c) Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers. d) Develop a form on Full Business Interest Disclosure as part of the pre - employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.		

	e) Disallow any director to decide his or her own remuneration. f) Provide in the Corporation's annual reports, information and proxy statements a clear, concise and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year. g) Review (if any) of the existing Human Resources Development or Personnel Handbook, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts. h) Or in the absence of such Personnel Handbook, cause the development of such, covering the same parameters of governance stated above. *(Item #3B. Board Committees – Compensation and Remuneration Committee. Manual on Corporate Governance as Revised June 2010)*

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

Remuneration Scheme	Date of Stockholders' Approval
None	

3) Aggregate Remuneration

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

<table>
<tr><th>Remuneration Item</th><th>Executive Directors</th><th>Non-Executive Directors (other than independent directors)</th><th>Independent Directors</th></tr>
<tr><td>(a) Fixed Remuneration</td><td colspan="3" rowspan="2">PhP30.9 million for the ff. executive officers: (i) Manuel B. Villar, Jr., (ii) Manuel Paolo. A. Villar, (iii) Cynthia J. Javarez, (iv) Maribeth C. Tolentino and (v) Elizabeth M. Kalaw

PhP139.7 million for all other officers and directors unnamed
(As disclosed in SEC From 17-A for the year ended December 31, 2014)</td></tr>
<tr><td>(b) Variable Remuneration</td></tr>
<tr><td>(c) Per diem Allowance</td><td colspan="3">Not applicable</td></tr>
<tr><td>(d) Bonuses</td><td colspan="3">PhP5.2 million for the ff. executive officers: (i) Manuel B. Villar, Jr., (ii) Manuel Paolo. A. Villar, (iii) Cynthia J. Javarez, (iv) Maribeth C. Tolentino and (v) Elizabeth M. Kalaw

PhP19.0 million for all other officers and directors unnamed
(As disclosed in SEC From 17-A for the year ended December 31, 2014)</td></tr>
<tr><td>(e) Stock Options and/or other financial instruments</td><td colspan="3">Not applicable</td></tr>
<tr><td>(f) Others (Specify)</td><td colspan="3">Not applicable</td></tr>
<tr><td>Total</td><td colspan="3">PhP36.1 million for the ff. executive officers (i) Manuel B. Villar, Jr., (ii) Manuel Paolo. A. Villar, (iii) Cynthia J. Javarez, (iv) Maribeth C. Tolentino and (v) Elizabeth M. Kalaw

PhP158.7 million for all other officers and directors unnamed
(As disclosed in SEC From 17-A for the year ended December 31, 2014)</td></tr>
</table>

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	Not applicable	Not applicable	Not applicable
2) Credit granted	Not applicable	Not applicable	Not applicable
3) Pension Plan/s Contributions	Not applicable	Not applicable	Not applicable
(d) Pension Plans, Obligations incurred	Not applicable	Not applicable	Not applicable
(e) Life Insurance Premium	Not applicable	Not applicable	Not applicable
(f) Hospitalization Plan	Strictly Confidential	Not applicable	Not applicable
(g) Car Plan	Strictly Confidential	Not applicable	Not applicable
(h) Others (Specify) – Housing benefit	Strictly Confidential	Not applicable	Not applicable
Total	Strictly Confidential	Not applicable	Not applicable

4) Stock Rights, Options and Warrants

(a) Board of Directors

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

Director's Name	Number of Direct Option/Rights/ Warrants	Number of Indirect Option/Rights/ Warrants	Number of Equivalent Shares	Total % from Capital Stock
Not applicable. The Company does not have an employee stock option plan.				

(b) Amendments of Incentive Programs

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

Incentive Program	Amendments	Date of Stockholders' Approval
There were no amendments or discontinuation of any incentive programs introduced, including the criteria used in the creation of the program for the year ended December 31, 2015.		

5) Remuneration of Management

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

Name of Officer/Position	Total Remuneration
Mary Lee S. Sadiasa	Strictly Confidential
Ric A. Pallesco	
Rodel B. Racadio	
Rizalito J. Rosales	
Dante M. Julongbayan	

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

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

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	Not Applicable						
Audit	1	-	2	Audit Committee Charter	The Manual on Corporate Governance as Revised on June 2010 states the following: Audit Committee shall be composed of at least three (3) members of the Board, who shall preferably have accounting and finance backgrounds, one of whom shall be an independent director and another with audit experience. The chair of the Audit Committee should be an independent director. The Committee shall have the following functions: a) Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations; b) Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the corporation. This function shall include regular receipt from Management of information on risk exposures and risk management activities; c) Perform oversight functions over the corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions; d) Review the annual internal audit plan to ensure its conformity with the objectives of the corporation. The plan shall include the audit scope, resources and budget necessary to implement it; e) Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and		

					minimize duplication of efforts; f) Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal; g) Monitor and evaluate the adequacy and effectiveness of the corporation's internal control system, including financial reporting control and information technology security; h) Review the reports submitted by the internal and external auditors; i) Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters: 1. Any change/s in accounting policies and practices 2. Major judgmental areas 3. Significant adjustments resulting from the audit 4. Going concern assumptions 5. Compliance with accounting standards 6. Compliance with tax, legal and regulatory requirements. j) Coordinate, monitor and facilitate compliance with laws, rules and regulations; k) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's annual report; l) Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee. The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.
Nomination	1	1	1	Manual on Corporate Governance	Article III. Section 3 of the Corporation's By-Laws as Amended May 2007 states that – The Nomination Committee shall have the following functions: (A) formulate screening policies to enable the committee to effectively review the

					qualification of the nominees for independent directors; and (B) conduct nominations for independent directors prior to the stockholders' meeting in accordance with the procedures set forth in Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code, as the same may be amended from time to time. Also, the Manual on Corporate Governance as Revised on June 2010 states the following: The Nomination Committee shall have at least three (3) members, one (1) of whom shall be an independent director, to review and evaluate the qualifications of all persons nominated to the Board and other appointments that require Board approval, and to assess the effectiveness of the Board's processes and procedures in the election or replacement of directors. It shall pre-screen and shortlist all candidates nominated to become a member of the Board in accordance with the qualifications and disqualifications set forth in the Manual.
Remuneration	1	1	1	Manual on Corporate Governance	Article III. Section 11 of the Corporation's By-Laws as Amended May 2007 states that – The Compensation and Remuneration committee shall have the following functions: (A) establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors, and provide oversight over remuneration of senior management and other key personnel, ensuring that compensation is consistent with the Corporation's culture, strategy and control environment; (B) designate the amount of remuneration of directors and officers, which shall be in a sufficient level to attract and retain directors and officers, who are needed to run the Corporation successfully; (C) establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers; (D) develop a form on full business interest disclosure as part of the pre-employment requirements for all incoming officers, which among others, compel all officers to declare under the penalty of perjury, all their existing business interests or shareholdings that may directly or indirectly

					conflict in their performance of duties once hired; (E) disallow any director to decide his or her remuneration; (F) provide in the Corporation's annual reports, information and proxy statement, a clear, concise, and understandable disclosure of compensation of its executive officers for the previous fiscal year and the ensuing year; and (G) review of the human resources development or personnel handbook, if any, to strengthen provisions on conflict of interest, salaries and benefit policies, promotion and career advancement directives, and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts, or in the absence of such human resources development or personnel handbook, cause the development of such, covering the same parameters of governance as stated above.
Others (specify)	Not Applicable				

2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	None					
Member (ED)						
Member (NED)						
Member (ID)						
Member						

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Marilou O. Adea	06-15-2015	4	4	100	6 yrs.
Member (ED)	Cynthia J. Javarez	06-15-2015	4	4	100	6 yrs.
Member (NED)	-	-	-	-	-	-
Member (ID)	Ruben O. Fruto	06-15-2015	4	4	100	6 yrs.

Disclose the profile or qualifications of the Audit Committee members.

Marilou O. Adea, Ms. Adea is currently the Court Appointed Rehabilitation Receiver of Anna-Lynns, Inc. and Manuela Corporation. Ms. Aldea served previously as Project Director for Site Acquisition of Digital Telecommunications Phils. Inc. from 2000 to 2002, Executive Director for FBO Management Network, Inc. from 1989 to 2000 and BF Homes Inc. in Receivership from 1988 to 1994 and Vice President for Finance & Administration for L&H Resources Management Corporation from 1986 to 1988. Ms. Adea holds a Degree in Bachelor of Science in Business Administration Major in Marketing Management from the University of the Philippines.

Cynthia J. Javarez, Ms. Javarez graduated from the University of the East with a degree in Bachelor of Science in Business Administration major in Accounting. She is a Certified Public Accountant. She took a Management Development Program at the Asian Institute of Management. She is currently the Controller of Vista Land and Head of the Tax and Audit group after holding various other positions in the MB Villar Group of Companies since 1985.

Ruben O. Fruto, Mr. Fruto graduated with the degree of Bachelor of Laws from the Ateneo de Manila University in 1961. He was formerly a partner in the law firm of Feria, Feria, Lugtu & La O' and the Oben, Fruto & Ventura Law Office. In February 1987, he was the Chief Legal Counsel and Senior Vice President of the Development Bank of the Philippines. He was the Undersecretary of Finance from March 1990 to May 15, 1991. Presently aside from engaging in private law practice specializing in corporate and civil litigation, he is also General Counsel of Wallem Philippines Shipping, Inc. and Wallem Maritime Services, Inc.; Vice-Chairman of Toyota Balintawak, Inc.; Director and Vice-President of China Shipping Manila Agency, Inc. and Director and Treasurer of Padre Burgos Realty, Inc. He is also a Consultant and the designated Corporate Secretary of the Subic Bay Metropolitan Authority.

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

The Company's Audit Committee charter provides the following relative to the external auditor:

- An external auditor shall enable an environment of good corporate governance as reflected in the financial records and reports of the company, an external auditor shall be selected and appointed by the stockholders upon recommendation of the Audit Committee.

- The reason/s for the resignation, dismissal or cessation from service and the date thereof of an external auditor shall be reported in the company's annual and current reports. Said report shall include a discussion of any disagreement with said former external auditor on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.

- The external auditor of the company shall not at the same time provide the services of an internal auditor to the same client. The Corporation shall ensure that other non-audit work shall not be in conflict with the functions of the external auditor.

- The company's external auditor shall be rotated or the handling partner shall be changed every five (5) years or earlier.

- If an external auditor believes that the statements made in the company's annual report, information statement or proxy statement filed during his engagement is incorrect or incomplete, he shall present his views in said reports.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Manuel B. Villar, Jr.	06-15-2015	2	2	100	2 yrs
Member (ED)	Maribeth C. Tolentino	06-15-2015	2	2	100	6 yrs
Member (NED)	-	-	-	-	-	-
Member (ID)	Ruben O. Fruto	06-15-2015	2	2	100	6 yrs.

(d) Compensation and Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Manuel Paolo A. Villar	06-15-2015	2	2	100	6 yrs.
Member (ED)	-	-	-	-	-	-
Member (NED)	Marcelino C. Mendoza	06-15-2015	2	2	100	6 yrs.
Member (ID)	Marilou O. Adea	06-15-2015	2	2	100	6 yrs.

(e) Others (Specify)

Provide the same information on all other committees constituted by the Board of Directors: Not applicable

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Not applicable.					
Member (ED)						
Member (NED)						
Member (ID)						
Member						

3) Changes in Committee Members

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

Name of Committee	Name	Reason
Executive	There were no changes in committee membership that occurred during the year.	
Audit		
Nomination		
Remuneration		
Others (specify)		

4) Work Done and Issues Addressed

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

Name of Committee	Work Done	Issues Addressed
Executive	Approval of major transactions	Viability issues
Audit	Inclusion of performance evaluation in the Audit Committee Charter; Quarterly/annual financial statements review	Audit Committee performance evaluation for the year 2012; Audit issues
Nomination	Review of board composition	Nomination of Manuel B. Villar, Jr. as director
Remuneration	Review of compensation packages	Annual performance evaluation
Others (specify)	Not applicable	Not applicable

5) Committee Program

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

Name of Committee	Planned Programs	Issues to be Addressed
Executive	Approval of major transactions	Viability issues
Audit	Improvement in the Audit Committee Charter; Quarterly/annual financial statements review	Audit Committee performance evaluation for the year 2013; Audit issues that may arise 2013
Nomination	Review of board composition	Identification of possible independent directors
Remuneration	Review of compensation packages	Annual performance evaluation
Others (specify)	Not applicable	Not applicable

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

Risk Management is an imperative part of the Company's overall business strategy and corporate governance. The Company adopts a risk philosophy intended at making the most of the business opportunities and reducing adverse results thus enhancing shareholders value by effectively and efficiently balancing risks and rewards.

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

Management is responsible for the preparation of 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.

(c) Period covered by the review;

Annually. January 1, 2015 to December 31, 2015.

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

At least annually.

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

Not applicable.

2) Risk Policy

(a) Company

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

Risk Exposure	Risk Management Policy	Objective
Financial Risk	The BOD reviews and approves with policies for managing each of these risks. The Group monitors market price risk arising from all financial instruments and regularly report financial management activities and the results of these activities to the BOD.	To mitigate or eliminate the risk

Cash flow interest rate risk	The Company's policy is to manage its interest cost by entering into fixed rate debts. The Group also regularly enters into short-term loans as it relates to its sold installment contracts receivables in order to cushion the impact of potential increase in loan interest rates	To mitigate or eliminate the risk
Credit risk	The Company transacts only with recognized and creditworthy third parties. The Group's receivables are monitored on an ongoing basis resulting to manageable exposure to bad debts. Real estate buyers are subject to standard credit check procedures, which are calibrated based on the payment scheme offered. The Group's respective credit management units conduct a comprehensive credit investigation and evaluation of each buyer to establish creditworthiness.	To mitigate or eliminate the risk
Liquidity Risk	The Company monitors its cash flow position, debt maturity profile and overall liquidity position in assessing its exposure to liquidity risk. The Company maintains a level of cash deemed sufficient to finance its cash requirements. Operating expenses and working capital requirements are sufficiently funded through cash collections. The Company's loan maturity profile is regularly reviewed to ensure availability of funding through adequate credit facilities with banks and other financial institutions.	To mitigate or eliminate the risk
Foreign exchange risk	The Company's foreign exchange risk results primarily from movements of the Philippine peso against the United States Dollar (USD). The Group performs analyses on the Company's sensitivity to a reasonably possible change in the US dollar exchange rate until its next annual reporting date, with all other variables held constant,	To mitigate or eliminate the risk
Risks relating to competition	To mitigate this risk, Vista Land conducts regular market study and business intelligence updates in order to understand industry and market dynamics.	To mitigate or eliminate the risk
Risks relating to land acquisition and landbank management	The Company mitigates this risk by having an in-house group composed of senior managers whose primary responsibility is to search (for suitable properties), negotiate (including joint-venture options), acquire and manage its strategic land bank. The land bank management group is comprised of technical, finance and legal experts, and is aided by the Company's network of brokers. The Company also maintains goodwill amongst the owners of major tracts of land in the Philippines. Through the foregoing, the Company continually identifies attractive locations for future projects, prospective partners and negotiates joint venture arrangements to ensure a long-term pipeline of developmental projects.	To mitigate or eliminate the risk
Risk relating to joint venture agreements and transactions	To mitigate this risk, the Company as a standard policy ensures that a binding agreement/contract with any joint-venture partner is made at the start of any partnership. Further, a constant open communication is maintained with all business partners.	To mitigate or eliminate the risk

Risk relating to property development and construction management	To mitigate this risk, the Company continuously seeks to improve its internal control procedures and internal accounting and to enhance project management and planning. Further, the Company substantially finances its development projects through pre-sales and internally generated funds, which allows it to maintain some flexibility in timing the progress of its projects to match market conditions.	To mitigate or eliminate the risk
Risks relating to specific target markets	To mitigate the possible impact of a sudden downturn in the OFW market, it is Vista Land's business strategy to diversify its product offerings to serve as wide a market as possible. Any adverse developments in any one property sector may be offset or mitigated by more positive developments in other sectors. The Company also closely monitors the factors that may affect the OFW market so that Vista Land can take the necessary corrective measures.	To mitigate or eliminate the risk
Risks relating to external marketing groups	The Company mitigates this risk by establishing its own in-house sales force, who are tasked to market and sell only Company products. The Company also provides its brokers and sales agents with competitive commission schemes and other incentives. Beyond this, the Company gives its sales force skills-build-up programs as a way of planning and managing their career growth with the Company. A parallel effort is the continuous recruitment of competent brokers and sales agents.	To mitigate or eliminate the risk
Risks relating to project and end-buyer financing a) Fluctuations in interest rates, changes in Government borrowing patterns and Government regulations could have a material adverse effect on Vista Land's and its customers' ability to obtain financing.	In order to mitigate these risks, Vista Land substantially finances its development projects through pre-sales and internally generated funds. In this way, Vista Land maintains some flexibility in timing the progress of its development projects to match market conditions. Vista Land attempts to keep its costs down and selling price stable by lowering material costs through purchasing in bulk.	To mitigate or eliminate the risk
Risks relating to project and end-buyer financing b) Vista Land is exposed to risks associated with its in-house financing activities, including the risk of customer default, and it may not be able to sustain its in-house financing program.	To mitigate these risks, the Company attempts to decrease the occurrence of financial defaults and sales cancellations due to the inability to pay by enforcing strict credit investigation policies and procedures. For ongoing in-house loans, the Company monitors each and every account to assist buyers and to provide immediate remedial measures in problem cases. The Company also spreads the financing risk by encouraging buyers to avail of commercial bank retail financing facilities.	To mitigate or eliminate the risk

Risks relating to project and end-buyer financing c) The Company's business and financial performance could be adversely affected by a material number of sales cancellations.	To mitigate this risk, the Company has a structured and standardized credit approval process, which includes conducting background and credit checks on prospective buyers using national credit databases and, where feasible, conducting physical verification of claims regarding residences and properties owned. From time to time, the Company utilizes its receivables rediscounting lines with banks and other financial institutions and sells installment contract receivables. The Company ensures that all buyers are made aware of their responsibilities and obligations, and the resulting penalties for non-compliance. Each and every account is monitored to assist buyers and to provide immediate remedial measures in problem cases.	To mitigate or eliminate the risk
Risk relating to management of growth	To mitigate this risk, the Company substantially finances its development projects through pre-sales and internally generated funds. In this way, the Company maintains some flexibility in timing the progress of its development projects to match market conditions. To mitigate this risk, Vista Land conducts regular meetings and requires briefing from key departments.	To mitigate or eliminate the risk
Risks relating to natural catastrophes	Should an uninsured loss or a loss in excess of insured limits occur, the Company could lose all or a portion of the capital invested in a property, as well as the anticipated future turnover from such property, while remaining liable for any project construction costs or other financial obligations related to the property. Any material uninsured loss could adversely affect the Company's business, financial condition and results of operations.	To mitigate or eliminate the risk
Risks relating to over-reliance on some key Company personnel	To mitigate this risk, the Company provides its technical personnel with competitive compensation and incentive programs.	To mitigate or eliminate the risk
Risks relating to the Company's reputation	The Company, through its corporate communications team maintains a clear, accurate brand and company image and perception in the market to mitigate this risk. The legal team also monitors all intellectual ownership issues of the Company.	To mitigate or eliminate the risk

(b) Group

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

Risk Exposure	Risk Management Policy	Objective
Same as (a) above		

(c) Minority Shareholders

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

Risk to Minority Shareholders
Risk that the minority shareholders will always be outvoted.

c) Control System Set Up

a. Company

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Please refer to a) above.	The control environment of the Corporation consists of (a) the Board which ensures that the Corporation is properly and effectively managed and supervised; (b) a Management that actively manages and operates the corporation in a sound and prudent manner; (c) the organizational and procedural controls supported by effective management information and risk management reporting systems; and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the Corporation's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts. The minimum internal control mechanisms for the performance of the Board's oversight responsibility shall include: a) Definition of the duties and responsibilities of the CEO who is ultimately accountable for the Corporation's organizational and operational controls; b) Selection of the person who possesses the ability, integrity and expertise essential for the position of CEO; c) Evaluation of proposed senior management appointments; d) Selection and appointment of qualified and competent management officers; and e) Review of the corporation's human resource policies, conflict of interest situations, compensation program for employees, and management succession plan. *(Item #2, D,4. Board Governance – Responsibilities, Duties and Functions of the Board. Manual on Corporate Governance as Revised June 2010)*	

b. Group

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

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Same as (a) above		

c. Committee

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

Committee/Unit	Control Mechanism	Details of its Functions
Audit Committee	Please refer to item E, #1.	
Internal Audit	Please refer to Item G.	

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

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

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

The control environment of the Corporation consists of (a) the Board which ensures that the Corporation is properly and effectively managed and supervised; (b) a Management that actively manages and operates the corporation in a sound and prudent manner; (c) the organizational and procedural controls supported by effective management information and risk management reporting systems; and (d) an independent audit mechanism to monitor the adequacy and effectiveness of the Corporation's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations and contracts.

The minimum internal control mechanisms for the performance of the Board's oversight responsibility shall include:

a) Definition of the duties and responsibilities of the CEO who is ultimately accountable for the Corporation's organizational and operational controls;
b) Selection of the person who possesses the ability, integrity and expertise essential for the position of CEO;
c) Evaluation of proposed senior management appointments;
d) Selection and appointment of qualified and competent management officers; and
e) Review of the corporation's human resource policies, conflict of interest situations, compensation program for employees, and management succession plan.
(Manual on Corporate Governance as Revised June 2010)

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

Management is responsible for the preparation of 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.

(c) Period covered by the review;

January 1, 2015 to December 31, 2015

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

At least annually

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

Not applicable.

2) Internal Audit

(a) Role, Scope and Internal Audit Function

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

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/ Auditing Firm	Reporting process
Internal Audit	The Corporation shall have in place an independent internal audit function which shall be performed by an Internal Auditor or a group of Internal Auditors, through which its Board, senior management, and stockholders shall be provided with reasonable assurance that its key organizational and procedural controls are effective, appropriate, and complied with.	In-house	Loida D. Nacario	The Internal Auditor shall report to the Audit Committee.

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

Yes

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

The Internal Auditor should submit to the Audit Committee and Management an annual report on the internal audit department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Audit Committee. The annual report should include significant risk exposures, control issues and such other matters as may be needed or requested by the Board and Management.

The Internal Auditor should certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he does not, he shall disclose to the Board and Management the reasons why he has not fully complied with the said standards.

(d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

Name of Audit Staff	Reason
There is no resignation/s or re-assignment of the internal audit staff during the year.	

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

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

Progress Against Plans	In process
Issues[10]	No significant issues yet
Findings[11]	No significant findings yet
Examination Trends	None

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

[10] "Issues" are compliance matters that arise from adopting different interpretations.
[11] "Findings" are those with concrete basis under the company's policies and rules.

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

(f) Audit Control Policies and Procedures

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

Policies & Procedures	Implementation
Setting of Committee Structure and Operation	10*
Oversight on Financial Reporting and Disclosures	8*
Oversight on Risk Management and Internal Controls	8*
Oversight on Management and Internal Audit	10*
Oversight on External Audit	10*

**Score of 10 being the highest as disclosed on April 30, 2013 as the Results of the Audit Committee performance Self-Assessment Questionnaire for the year 2012*

(g) Mechanisms and Safeguards

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

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
• Rotation of Audit Partners (every 5 years) • Limit on non-audit services for external auditors • Policy on gift giving/accepting. All gifts given to an employee will be disclosed to the Human Resource Group.	• Timing of the data/information release to Financial analysts is the same as that of the public • Policy on gift giving/accepting. All gifts given to an employee will be disclosed to the Human Resource Group.	• Not limiting in transacting with one investment bank for various transactions • Policy on gift giving/accepting. All gifts given to an employee will be disclosed to the Human Resource Group.	Not applicable. No dealings yet

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

President & CEO : Manuel Paolo A. Villar
Compliance Officer : Ma. Nalen SJ Rosero-Galang

H. ROLE OF STAKEHOLDERS

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

	Policy	Activities
Customers' welfare	If the job involves transactions with customers, employees are expected to act in a manner that creates value to customers and helps to build a relationship based on trust. The Company and its employees have provided products and services for many years and have built up significant goodwill through the years. Goodwill is one of our most important assets, thus every employee is expected to preserve and enhance our reputation.	Open House/Buyer's Day
Supplier/contractor selection practice	The company requires minimum 3 bidders for a particular project.	Bids are opened with the presence of an accountant.
Environmentally friendly value-chain	The Company's Corporate Social Responsibility programs includes care of the environment which we consider as one of our core thrust as it a big part of our developments	In partnership with Villar Social Institute for Poverty Alleviation and Governance (SIPAG)
Community interaction	The Company's Corporate Social Responsibility programs includes community interaction since our developments are composed of various communities that we service	CSR Program/Property Management
Anti-corruption programmes and procedures?	The company upholds honesty value to all of its employees. Check and balance is in place.	Gifts and favors from third parties are discouraged. Disclosure is mandated.
Safeguarding creditors' rights	The company promotes transparency, good corporate governance and timely disclosure to all our stakeholders including our creditors	Quarterly Briefings; Regular One-on-one meetings with Creditors

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

Yes. The Corporate Social Responsibility (CSR) Report and/or the CSR portion in the Annual Report.

3) Performance-enhancing mechanisms for employee participation.

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

Employees are provided with on-the-job-training and other development programs that assist them in effectively carrying out their jobs and that prepare them for career advancement in the Company.

The Company has no collective bargaining agreements with its employees and none of the Company's employees belong to a union. The Company believes it has a good relationship with its employees and there has been no turnover of key personnel during the past three years.

The Company considers itself as an employer of choice in the Philippine real estate industry and offers competitive compensation plans to attract quality employees. The Company does not have an employee stock option plan. *(SEC Form 17A 2014)*

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

The Company recognizes the role of management in ensuring a safe and healthy work environment. Managers at all levels are accountable for managing workplace health and safety.

Employee involvement is likewise indispensable. Respect for safety principles, standards and procedures is a must. Employees are expected to challenge any unsafe acts, or seek advise on how to proceed if they judge that safety is not adequate. Employees are also expected to exert the necessary precautions in order to prevent injury to themselves, their fellow workers and other people.

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

Vista Land Training Center developed a curriculum designed to build one the country's top sales force and an organization of exceptionally skilled and highly competent individuals.

Currently, the center offers a competency-base curriculum that runs on four learning tracks: Power Sales & Marketing, Self-development, Communication and Excellence, and Leadership & Management Development. The programs under each learning track are carefully designed to inculcate the company's core values, as well as the key value of service. It runs on a centralized function based on a curriculum that is "ladderized" or designed by level.

Two of the center's more significant learning courses are the annual Team Building workshops and the recently launched Management Development Program.
The team-building event is in essence a training-and-bonding program designed around the Company's core values conducted every summer and was designed to strengthen camaraderie, re-educate attendees on the corporate values leading to a recommitment to those values.

A new certificate course put together by the center is the Management Development Program (MDP). AN abridged version of a business school MBA, the MDP is a three-month highly intensive program comprised of 10 modules that, essentially, offers the same learning as an MBA. *(2012 Annual Report)*

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

The company is committed to responsible compensation practices.

The Company supports a performance culture that is based on merit. In addition, the reward system also takes into consideration subscription to company values and practices.

The company is able to attract and retain employees, as well as motivate them to achieve results with integrity and fairness. Teamwork and collaboration within the group is valued highly.

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

The HR Head is designated to take action he considers appropriate in order to investigate any actual or potential violations reported to him. If after such investigation, the officer believes that a violation has occurred, the HR Head shall report the matter to the Executive Committee. If the Committee concurs that a violation has occurred, it will consider appropriate action,

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more (As of December 23, 2015)

Shareholder	Number of Shares	Percent	Beneficial Owner
Fine Properties, Inc. (Common)	6,193,512,669	39.182%	Fine Properties, Inc.
Fine Properties, Inc. (Preferred)	3,300,000,00	27.877%	Fine Properties, Inc.
Althorp Holdings, Inc.	1,235,292,469	7.815%	Althorp Holdings, Inc.
PCD Nominee Corporation (Foreign)	3,210,610,033	20.311%	Various

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Manuel B. Villar, Jr. (common)	293,969,016	6,193,512,669[12]	41.042%
(preferred)		3,300,000,000[13]	20.877%
Marcelino C. Mendoza	206,690	None	0.0%
Manuel Paolo A. Villar	222,796,324	None	1.409%
Cynthia J. Javarez	160	None	0.0%
Maribeth C. Tolentino	200,000	None	0.0%
Marilou O. Adea	1	None	0.0%
Ruben O. Fruto	1,000	None	0.0%
Gemma M. Santos	1,000	None	0.0%
Ma. Nalen Rosero-Galang	-	None	0.0%
Camille Lydia A. Villar	-	None	0.0%
Mary Lee S. Sadiasa	1,345	None	0.0%
Ric A. Pallesco	250	None	0.0%
Dante M. Julongbayan	200	None	0.0%
Jerylle Luz C. Quismundo	3,865	None	0.0%
Rizalito J. Rosales	-	None	0.0%
Elizabeth M. Kalaw	1,960	None	0.0%
Ma. Leni D. Luya	-	None	0.0%
Edgardo G. Santos	1,380	None	0.0%
Lorelyn D. Mercado	100	None	0.0%

2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	No
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	Yes
Number of board of directors/commissioners meetings held during the year	Yes
Attendance details of each director/commissioner in respect of meetings held	Yes
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

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

The details of the Company's whistle-blowing policy are not a usual item disclosure in the annual report. However, the Company shall consider disclosing the same in its succeeding annual reports.

[12] Held indirectly through Fine Properties, Inc., of which Mr. Manuel B. Villar, Jr. and his spouse are the controlling shareholders.
[13] Consists of Preferred Shares held indirectly through Fine Properties, Inc. of which Mr. Manuel B. Villar, Jr. and his spouse are the controlling shareholders

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
SGV & Co.	PhP 19.1 million[14]	-

4) Medium of Communication

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

- Quarterly Press and Analysts' Briefings
- Domestic and international roadshows and corporate access days
- Sending out of annual reports via mail and email
- Property tours with stockholders, analysts, investors, fund managers, brokers, employees, and other stakeholders
- Press releases
- Advertisements
- Press conferences
- Conference calls
- Interviews

5) Date of release of audited financial report: March 17, 2015

6) Company Website

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

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

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

7) **Disclosure of RPT – as of September 30, 2015**

RPT	Relationship	Nature	Value (PhP)
Fine Properties, Inc.	Ultimate Parent	Nontrade Receivables	268,725,613
Casa Regalia, Inc.	Entities under Common Control	Nontrade Payables	(797,503)
Golden Haven Memorial Park, Inc.	Entities under Common Control	Nontrade Receivables	85,699,548
Masterpiece Asia Properties, Inc.	Entities under Common Control	Nontrade Receivables	331,019,639
Manuela Corporation	Entities under Common Control	Nontrade Receivables	66,151
Polar Mines Realty Ventures	Entities under Common Control	Nontrade Receivables	1,460,783

[14] As of December 31, 2014

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

J. RIGHTS OF STOCKHOLDERS

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

(a) Quorum

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

Quorum Required	Majority of the outstanding capital stock

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	1 share = 1 Vote
Description	Show of hands

(c) Stockholders' Rights

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

Stockholders' Rights under The Corporation Code	**Stockholders' Rights not in The Corporation Code**
None	

Dividends

Declaration Date	Record Date	Payment Date
September 15, 2015 (Regular)	September 30, 2015	October 15, 2015

(d) Stockholders' Participation

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

Measures Adopted	**Communication Procedure**
The Chairman entertain a motion and should be seconded for every item in the agenda for it to be carried	At the start of the meeting, the Chairman informs the audience of such procedure
The Chairman also opens the floor for discussion of items that may be raised by any stockholder	

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

   a. Amendments to the company's constitution
   Any provision or matter stated in the articles of incorporation may be amended by a majority vote of the board of directors or trustees and the vote or written assent of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock, without prejudice to the appraisal right of

dissenting stockholders in the accordance with the provisions of the Corporation Code of the Philippines *(Section 16. Corporation Code of the Philippines)*

b. Authorization of additional shares
Any provision or matter stated in the articles of incorporation may be amended by a majority vote of the board of directors or trustees and the vote or written assent of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock, without prejudice to the appraisal right of dissenting stockholders in the accordance with the provisions of the Corporation Code of the Philippines *(Section 16. Corporation Code of the Philippines)*

c. Transfer of all or substantially all assets, which in effect results in the sale of the company
Any provision or matter stated in the articles of incorporation may be amended by a majority vote of the board of directors or trustees and the vote or written assent of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock, without prejudice to the appraisal right of dissenting stockholders in the accordance with the provisions of the Corporation Code of the Philippines *(Section 16. Corporation Code of the Philippines)*

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

a. Date of sending out notices: AGM - May 21, 2015
Special –August 3, 2015

b. Date of the Annual/Special Stockholders' Meeting: June 15, 2015

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

None

5. Result of Annual/Special Stockholders' Meeting's Resolutions

Annual Stockholders' Meeting – June 15, 2015

Resolution	Approving	Dissenting	Abstaining
Receive and Adopt the report of the President and the annual report of the Company for the year 2014.	9,858,149,750	3,347,300	285,262,500
Ratification of all acts and resolutions of the Board of Directors and Management for the year 2014 until 31 March 2015	9,858,149,750	3,347,300	285,262,500
Election of Board of Directors			
1. Manuel B. Villar, Jr.	9,824,366,850	61,116,100	261,276,600
2. Manuel Paolo A. Villar	9,670,510,556	214,972,394	261,276,600
3. Cynthia J. Javarez	9,670,543,656	214,939,294	261,276,600
4. Marcelino C. Mendoza	9,665,433,356	220,049,594	261,276,600
5. Maribeth C. Tolentino	8,542,082,168	1,343,400,782	261,276,600
6. Marilou O. Adea	9,875,001,850	10,481,100	261,276,600
7. Ruben O. Fruto	9,862,785,150	22,697,800	261,276,600
Appointment of External Auditors for the year 2015	9,882,135,650	3,347,300	261,276,600

Special Stockholders' Meeting – August 28, 2015

Resolution	Approving	Dissenting	Abstaining
Approval of the increase in authorized capital	9,701,788,753	13,679,900	282,673,000

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

Annual Stockholders' Meeting – June 15, 2015
Special Stockholders' Meeting – August 28, 2015

(e) Modifications

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

Modifications	Reason for Modification
There were no modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year.	

(f) Stockholders' Attendance

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

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	**Directors:** Manuel B. Villar, Jr. Manuel Paolo A. Villar Cynthia J. Javarez Maribeth C. Tolentino Marcelino C. Mendoza Ruben O. Fruto Marilou O. Adea **Officers:** Gemma M. Santos Ma. Nalen Rosero-Galang Elizabeth M. Kalaw Mary Lee S. Sadiasa Dante M. Julongbayan Ric A. Pallesco Rizalito J. Rosales Brian N. Edang Rodel B. Racadio Edgardo G. Santos	June 15, 2015	Show of hands	0.0000%	85.71%	85.71%
Special	**Directors:** Manuel B. Villar, Jr. Manuel Paolo A. Villar Cynthia J. Javarez Maribeth C. Tolentino Marcelino C. Mendoza Ruben O. Fruto Marilou O. Adea **Officers:** Gemma M. Santos Ma. Nalen Rosero-Galang Brian N. Edang	August 28, 2015	Show of hands	0.0000%	85%	85%

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

Yes, Securities Transfer and Services, Inc. (STSI)

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

Yes

(g) Proxy Voting Policies

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

	Company's Policies
Execution and acceptance of proxies	At all meetings of stockholders, a stockholder may vote in person or by proxy. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the secretary.
Notary	The proxies need not be notarized.
Submission of Proxy	All proxies must be in the hands of the secretary at least six (6) days before the time set for the meeting.
Several Proxies	
Validity of Proxy	Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the secretary.
Proxies executed abroad	All proxies must be in the hands of the secretary at least six (6) days before the time set for the meeting. Proxies filed with the secretary may be revoked by the stockholders either in an instrument in writing duly presented and recorded with the secretary at least six (6) days prior to a scheduled meeting or by their personal presence at the meeting. *(Article II. Section 7. By-Laws as Amended May 2007)*
Invalidated Proxy	
Validation of Proxy	
Violation of Proxy	

(h) Sending of Notices

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

Policies	Procedure
Notices for regular or special meetings of stockholders should be sent at least two (2) weeks prior to the date of the meeting	Notices for regular or special meetings of stockholders may be sent by the Secretary by personal delivery or by mail at least two (2) weeks prior to the date of the meeting to each stockholder of record at his known last post office address. The notice shall state the place, date and hour of the meeting and the purpose or purposes for which the meeting is called. *(Article II. Section 4. By-Laws as Amended May 2007)*

(i) Definitive Information Statements and Management Report

Annual Stockholders' Meeting – June 15, 2015

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	981 (as of record date of annual stockholders' meeting for the year 2015)
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	May 21, 2015 (for the annual stockholders' meeting for the year 2015)
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	May 21, 2015 (for the annual stockholders' meeting for the year 2015)
State whether CD format or hard copies were distributed	CD format were distributed
If yes, indicate whether requesting stockholders were provided hard copies	Stockholders were provided hard copies upon request.

Special Stockholders' Meeting – August 28, 2015

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	981 (as of record date of special stockholders' meeting)
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	August 3, 2015 (for the special stockholders' meeting for the year 2015)
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	August 3, 2015 (for the special stockholders' meeting for the year 2015)
State whether CD format or hard copies were distributed	CD format were distributed
If yes, indicate whether requesting stockholders were provided hard copies	Stockholders were provided hard copies upon request.

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

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

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

2) Treatment of Minority Stockholders

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

Policies	Implementation
Item #10 of the Company's Manual on Corporate Governance as Revised June 2010 states the following STOCKHOLDERS' RIGHTS AND PROTECTION OF MINORITY STOCKHOLDERS' INTERESTS a) The Board shall respect the rights of the stockholders as provided for in the Corporation Code, namely: 1. Right to vote on all matters that require their consent or Approval * Shareholders shall have the right to elect, remove and replace directors and vote on certain corporate acts in accordance with the Corporation Code. * Cumulative voting shall be used in the election of directors. * A director shall not be removed without cause if it will deny minority shareholders representation in the Board. 2. Pre-emptive right to all stock issuances of the Corporation All stockholders shall have per-emptive rights, unless the same is denied in the articles of incorporation or an amendment thereto. They shall have the right to subscribe to the capital stock of the Corporation. The Articles of Incorporation shall lay down the specific rights and	

powers of shareholders with respect to the particular shares they hold, all of which shall be protected by law so long as they shall not be in conflict with the Corporation Code.

3. Right to inspect corporate books and records
All shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation Code and shall be furnished with annual reports, including financial statements, without cost or restrictions.

4. Right to information
* The Shareholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the company's shares, dealings with the company, relationships among directors and key officers, and the aggregate compensation of directors and officers.
* The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes.
* The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".

5. Right to dividends
* Shareholders shall have the right to receive dividends subject to the discretion of the Board.
* The company shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except: a) when justified by definite corporate expansion projects or programs approved by the Board or b) when the corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or c) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the Corporation, such as when there is a need for special reserve for probable contingencies.

6. Appraisal right.
The shareholders' shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 82 of the Corporation Code of the Philippines, under any of the following circumstances:
a) In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
b) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and
c) In case of merger or consolidation.

b) The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the corporation. The stockholders should be encouraged to personally attend such meetings. If they cannot attend, they should be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the bylaws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor.

It is the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for breach of their rights.

The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval. Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation.

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

Yes

K. INVESTORS RELATIONS PROGRAM

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

The company has an internal Corporate Communications Group (CCG) that is in charge of all external and internal communication activities. CCG has set communication plans based on target audience. The communication plan is being reviewed by the on a regular basis by the Management Committee and is from time to time presented to the Board.

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

	Details
(1) Objectives	To build understanding and relationships of trust with financial media, analysts and shareholders.
(2) Principles	Transparency, timely disclosure, openness, accessibility and relevance
(3) Modes of Communications	Interviews, Conference calls, Questionnaires, Corporate Access Days, Domestic and International Roadshows, Phone calls, Email, Property Tours
(4) Investors Relations Officers	Ma. Nalen SJ Rosero-Galang, Compliance Officer and CIO : +63 2 226-3552 ext. 0055 Brian N. Edang, Head Investor Relations : +63 2 226-3552 ext. 0088 Ma. Cristina M. Lleva, Investor Relations : +63 2 226-3552 ext. 0064 Rachel C. Ardales, Investor Relations : +63 2 226-3552 ext. 0064

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

Transparency is the key to all relevant transactions that the Company may undertake. This can be manifested through transparency in the valuation of a certain business transaction.

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

The Board used MayBank ATR Kim Eng to issue a fairness opinion in its acquisition of Vista Residences in 2009. The Board also has asked CBRE to perform valuation of the company's land bank in 2007.

L. **CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

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

Initiative	Beneficiary
Waste Segregation: Material Recovery Facilities	Group's Residential Projects
Vermiculture	Group's Residential projects
Coco coir	Group's Residential Projects and nearby communities
Church Building	Group's Residential Projects and nearby communities
Assistance to Overseas Filipino Workers (OFs)	OFs who are the majority buyers of the company, including their families
Environment Protection	Las Pinas-Paranaque Critical Habitat and Ecotourism Area (LPPCHEA)

You may refer to the Corporate Social Responsibility section of the Company's 2014 Annual Report.

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

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

<table>
<tr><th></th><th>Process</th><th>Criteria</th></tr>
<tr><td>Board of Directors</td><td colspan="2" rowspan="4">Self-assessment form is filled up on an annual basis. The results are tallied and presented to the Board for evaluation and appropriate action.</td></tr>
<tr><td>Board Committees</td></tr>
<tr><td>Individual Directors</td></tr>
<tr><td>CEO/President</td></tr>
</table>

N. INTERNAL BREACHES AND SANCTIONS

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

<table>
<tr><th>Violations</th><th>Sanctions</th></tr>
<tr><td colspan="2">To strictly observe and implement the provisions of this Manual, the following penalties shall be imposed, after notice and hearing, on the company's directors, officers, staff, subsidiaries and affiliates and their respective directors, officers and staff in case of violation of any of the provision of this Manual:

a) In case of first violation, the subject person shall be reprimanded.
b) Suspension from office shall be imposed in case of second violation. The duration of the suspension shall depend on the gravity of the violation.
c) For third violation, the maximum penalty of removal from office shall be imposed.
d) The Board shall nevertheless have the discretion either to impose additional penalties or lessen the above penalties based on the presence of aggravating or mitigating circumstances accompanying the violation of the Manual.

The commission of a third violation of this Manual by any member of the board of the company or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.

The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman of the Board the imposable penalty for such violation, for further review and approval of the Board. (Manual on Corporate Governance as Revised June 2010)</td></tr>
</table>

101082016002035

SECURITIES AND EXCHANGE COMMISSION

SECBuilding,EDSA,Greenhills,MandaluyongCity,MetroManila,Philippines
Tel:(632) 726-0931 to 39 Fax:(632) 725-5293 Email: mis@sec.gov.ph

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Company Information

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Industry Classification	Financial Holding Company Activities
Company Type	Stock Corporation

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No. of Days Late	0
Department	CED/CFD/CRMD/MRD/NTD
Remarks	ACGR

A. BOARD MATTERS

I. Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)	Elected when (Annual /Special Meeting)	No. of years served as director[1]
Manuel B. Villar, Jr.	NED	Not applicable	Fine Properties, Inc.	9-11-13	6-15-15	Annual Meeting	1.75
Manuel Paolo A. Villar	ED	Not applicable	Fine Properties, Inc.	3-16-07	6-15-15	Annual Meeting	8.25
Cynthia J. Javarez	ED	Not applicable	Fine Properties, Inc.	6-08-07	6-15-15	Annual Meeting	8.25
Maribeth C. Tolentino	ED	Not applicable	Fine Properties, Inc.	3-16-07	6-15-15	Annual Meeting	8.00
Marcelino C. Mendoza	NED	Not applicable	Fine Properties, Inc.	3-16-07	6-15-15	Annual Meeting	8.25
Marilou O. Adea	ID	Not applicable	Cynthia Delfin, not related	3-16-07	6-15-15	Annual Meeting	8.25
Ruben O. Fruto	ID	Not applicable	Cynthia Delfin, not related	6-16-08	6-15-15	Annual Meeting	7.00

II. Directorship in Other Companies

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Manuel B. Villar, Jr.	Fine Properties, Inc.	Non-executive
Manuel Paolo A. Villar	Fine Properties, Inc. Crown Asia Properties, Inc. Brittany Corporation	Non-executive President-Chairman President
Cynthia J. Javarez	Fine Properties, Inc. Vista Residences, Inc. Crown Asia Properties, Inc. Communities Zamboanga, Inc. Communities Tarlac, Inc. Communities Quezon, Inc. Communities Philippines, Inc. Communities Pangasinan, Inc. Communities Pampanga, Inc. Communities Palawan, Inc. Communities Panay, Inc. Communities Negros, Inc. Communities Naga, Inc. Communities Leyte, Inc. Communities Isabela, Inc. Communities Iloilo, Inc. Communities Ilocos, Inc. Communities General Santos, Inc. Communities Davao, Inc. Communities Cagayan, Inc. Communities Cebu, Inc. Communities Bulacan, Inc. Communities Bohol, Inc. Communities Batangas, Inc. Brittany Corporation Brittany Estates Corp.	Non-executive Non-executive

[1] As of June 15, 2015.

	Prima Casa Land & Houses, Inc. Vista Leisure Club, Corp.	Non-executive Non-executive
Maribeth C. Tolentino	Vista Residences, Inc. Mandalay Resources Corp. Household Development Corporation Camella Homes, Inc.	President-Chairman Non-Executive President-Chairman CEO & COO-Chairman
Marcelino C. Mendoza	None	N/A
Marilou O. Adea	None	N/A
Ruben O. Fruto	None	N/A

III. Directorship in Other Listed Companies

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Manuel B. Villar, Jr.	Starmalls, Inc.	Non-Executive/Chairman
Manuel Paolo A. Villar	Starmalls, Inc.	Non-Executive

(a) Shareholding in the Company

Name of Director	Number of Direct shares*	Number of Indirect shares / Through (name of record owner)	% of Capital Stock*
Manuel B. Villar, Jr.	293,969,016[2]	6,193,512,669[3]	41.042%
		3,300,000,000[4]	20.877%
Manuel Paolo A. Villar	222,796,324	None	1.409%
Cynthia J. Javarez	160	None	0.0%
Maribeth C. Tolentino	200,000	None	0.0%
Marcelino C. Mendoza	206,690	None	0.0%
Marilou O. Adea	1	None	0.0%
Ruben O. Fruto	1,000	None	0.0%
TOTAL	**517,173,191**		**63.328%**

**based on total outstanding shares as of December 31, 2015*

Voting Result of the last Annual General Meeting – June 15, 2015

Name of Director	Votes Received
Manuel B. Villar, Jr.	9,824,366,850
Manuel Paolo A. Villar	9,670,510,556
Cynthia J. Javarez	9,670,543,656
Marcelino A. Mendoza	9,665,433,356
Maribeth C. Tolentino	8,542,082,168
Marilou Adea (Independent)	9,875,001,850
Ruben O. Fruto (Independent)	9,862,785,150

[2] Shares are lodged with the PCD.
[3] Held indirectly through Fine Properties, Inc., of which Mr. Manuel B. Villar, Jr. and his spouse are the controlling shareholders.
[4] Consists of Preferred Shares held indirectly through Fine Properties, Inc., of which Mr. Manuel B. Villar, Jr. and his spouse are the controlling shareholders.

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

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Manuel B. Villar, Jr. Manuel Paolo A. Villar Cynthia J. Javarez Marcelino C. Mendoza Maribeth C. Tolentino Ma. Nalen Rosen-Galang Ruben O. Fruto Marilou O. Adea Brian N. Edang Loida D. Nacario	November 23, 2015	Corporate Governance Seminar	Philippine Corporate Enhancement and Governance, Inc. *(formerly Philippine Securities Consultancy Corporation)*
Gemma M. Santos	August 17-18, 2015	Corporate Secretary as Corporate Governance Professional Course	Institute of Corporate Directors

B. BOARD MEETINGS & ATTENDANCE

1) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Manuel B. Villar, Jr.	06-15-15	12	12	100
Member	Manuel Paolo A. Villar	06-15-15	12	12	100
Member	Cynthia J. Javarez	06-15-15	12	12	100
Member	Marcelino C. Mendoza	06-15-15	12	12	100
Member	Maribeth C. Tolentino	06-15-15	12	12	100
Member	Ricardo B. Tan, Jr.	06-15-15	12	12	100
Independent	Marilou O. Adea	06-15-15	12	12	100
Independent	Ruben O. Fruto	06-15-15	12	12	100

C. REMUNERATION MATTERS

1) Aggregate Remuneration

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration (b) Variable Remuneration	PhP30.9 million for the ff. executive officers: (i) Manuel B. Villar, Jr., (ii) Manuel Paolo. A. Villar, (iii) Cynthia J. Javarez, (iv) Maribeth C. Tolentino and (v) Elizabeth M. Kalaw PhP139.7 million for all other officers and directors unnamed *(As disclosed in SEC From 17-A for the year ended December 31, 2014)*		
(c) Per diem Allowance	Not applicable		
(d) Bonuses	PhP5.2 million for the ff. executive officers: (i) Manuel B. Villar, Jr., (ii) Manuel Paolo. A. Villar, (iii) Cynthia J. Javarez, (iv) Maribeth C. Tolentino and (v) Elizabeth M. Kalaw PhP19.0 million for all other officers and directors unnamed *(As disclosed in SEC From 17-A for the year ended December 31, 2014)*		

(e) Stock Options and/or other financial instruments	Not applicable
(f) Others (Specify)	Not applicable
Total	PhP36.1 million for the ff. executive officers (i) Manuel B. Villar, Jr., (ii) Manuel Paolo. A. Villar, (iii) Cynthia J. Javarez, (iv) Maribeth C. Tolentino and (v) Elizabeth M. Kalaw PhP158.7 million for all other officers and directors unnamed *(As disclosed in SEC From 17-A for the year ended December 31, 2014)*

1) Remuneration of Management

Name of Officer/Position	Total Remuneration
Mary Lee S. Sadiasa	Strictly Confidential
Ric A. Pallesco	
Rodel B. Racadio	
Rizalito J. Rosales	
Dante M. Julongbayan	

D. BOARD COMMITTEES

(a) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Marilou O. Adea	06-15-2015	4	4	100	6 yrs.
Member (ED)	Cynthia J. Javarez	06-15-2015	4	4	100	6 yrs.
Member (NED)	-	-	-	-	-	-
Member (ID)	Ruben O. Fruto	06-15-2015	4	4	100	6 yrs.

(b) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Manuel B. Villar, Jr.	06-15-2015	2	2	100	2 yrs
Member (ED)	Maribeth C. Tolentino	06-15-2015	2	2	100	6 yrs
Member (NED)	-	-	-	-	-	-
Member (ID)	Ruben O. Fruto	06-15-2015	2	2	100	6 yrs.

(c) Compensation and Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Manuel Paolo A. Villar	06-15-2015	2	2	100	6 yrs.
Member (ED)	-	-	-	-	-	-
Member (NED)	Marcelino C. Mendoza	06-15-2015	2	2	100	6 yrs.
Member (ID)	Marilou O. Adea	06-15-2015	2	2	100	6 yrs.

E. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more (As of December 23, 2015)

Shareholder	Number of Shares	Percent	Beneficial Owner
Fine Properties, Inc. (Common)	6,193,512,669	39.182%	Fine Properties, Inc.
Fine Properties, Inc. (Preferred)	3,300,000,00	27.877%	Fine Properties, Inc.
Althorp Holdings, Inc.	1,235,292,469	7.815%	Althorp Holdings, Inc.
PCD Nominee Corporation (Foreign)	3,210,610,033	20.311%	Various

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Manuel B. Villar, Jr. (common)	293,969,016	6,193,512,669[5]	41.042%
(preferred)		3,300,000,000[6]	20.877%
Marcelino C. Mendoza	206,690	None	0.0%
Manuel Paolo A. Villar	222,796,324	None	1.409%
Cynthia J. Javarez	160	None	0.0%
Maribeth C. Tolentino	200,000	None	0.0%
Marilou O. Adea	1	None	0.0%
Ruben O. Fruto	1,000	None	0.0%
Gemma M. Santos	1,000	None	0.0%
Ma. Nalen Rosero-Galang	-	None	0.0%
Camille Lydia A. Villar	-	None	0.0%
Mary Lee S. Sadiasa	1,345	None	0.0%
Ric A. Pallesco	250	None	0.0%
Dante M. Julongbayan	200	None	0.0%
Jerylle Luz C. Quismundo	3,865	None	0.0%
Rizalito J. Rosales	-	None	0.0%
Elizabeth M. Kalaw	1,960	None	0.0%
Ma. Leni D. Luya	-	None	0.0%
Edgardo G. Santos	1,380	None	0.0%
Lorelyn D. Mercado	100	None	0.0%

2) External Auditor's fee

Name of auditor	**Audit Fee**	**Non-audit Fee**
SGV & Co.	PhP 19.1 million[7]	-

[5] Held indirectly through Fine Properties, Inc., of which Mr. Manuel B. Villar, Jr. and his spouse are the controlling shareholders.
[6] Consists of Preferred Shares held indirectly through Fine Properties, Inc. of which Mr. Manuel B. Villar, Jr. and his spouse are the controlling shareholders
[7] As of December 31, 2014

3) **Disclosure of RPT – as of September 30, 2015**

RPT	Relationship	Nature	Value (PhP)
Fine Properties, Inc.	Ultimate Parent	Nontrade Receivables	268,725,613
Casa Regalia, Inc.	Entities under Common Control	Nontrade Payables	(797,503)
Golden Haven Memorial Park, Inc.	Entities under Common Control	Nontrade Receivables	85,699,548
Masterpiece Asia Properties, Inc.	Entities under Common Control	Nontrade Receivables	331,019,639
Manuela Corporation	Entities under Common Control	Nontrade Receivables	66,151
Polar Mines Realty Ventures	Entities under Common Control	Nontrade Receivables	1,460,783

(a) Stockholders' Rights

Dividends

Declaration Date	Record Date	Payment Date
September 15, 2015 (Regular)	September 30, 2015	October 15, 2015

1. Result of Annual/Special Stockholders' Meeting's Resolutions

Annual Stockholders' Meeting – June 15, 2015

Resolution	Approving	Dissenting	Abstaining
Receive and Adopt the report of the President and the annual report of the Company for the year 2014.	9,858,149,750	3,347,300	285,262,500
Ratification of all acts and resolutions of the Board of Directors and Management for the year 2014 until 31 March 2015	9,858,149,750	3,347,300	285,262,500
Election of Board of Directors			
1. Manuel B. Villar, Jr.	9,824,366,850	61,116,100	261,276,600
2. Manuel Paolo A. Villar	9,670,510,556	214,972,394	261,276,600
3. Cynthia J. Javarez	9,670,543,656	214,939,294	261,276,600
4. Marcelino C. Mendoza	9,665,433,356	220,049,594	261,276,600
5. Maribeth C. Tolentino	8,542,082,168	1,343,400,782	261,276,600
6. Marilou O. Adea	9,875,001,850	10,481,100	261,276,600
7. Ruben O. Fruto	9,862,785,150	22,697,800	261,276,600
Appointment of External Auditors for the year 2015	9,882,135,650	3,347,300	261,276,600

Special Stockholders' Meeting – August 28, 2015

Resolution	Approving	Dissenting	Abstaining
Approval of the increase in authorized capital	9,701,788,753	13,679,900	282,673,000

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

   Annual Stockholders' Meeting – June 15, 2015
   Special Stockholders' Meeting – August 28, 2015

(b) Stockholders' Attendance

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

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	**Directors:** Manuel B. Villar, Jr. Manuel Paolo A. Villar Cynthia J. Javarez Maribeth C. Tolentino Marcelino C. Mendoza Ruben O. Fruto Marilou O. Adea **Officers:** Gemma M. Santos Ma. Nalen Rosero-Galang Elizabeth M. Kalaw Mary Lee S. Sadiasa Dante M. Julongbayan Ric A. Pallesco Rizalito J. Rosales Brian N. Edang Rodel B. Racadio Edgardo G. Santos	June 15, 2015	Show of hands	0.0000%	85.71%	85.71%
Special	**Directors:** Manuel B. Villar, Jr. Manuel Paolo A. Villar Cynthia J. Javarez Maribeth C. Tolentino Marcelino C. Mendoza Ruben O. Fruto Marilou O. Adea **Officers:** Gemma M. Santos Ma. Nalen Rosero-Galang Brian N. Edang	August 28, 2015	Show of hands	0.0000%	85%	85%

(c) Definitive Information Statements and Management Report

Annual Stockholders' Meeting – June 15, 2015

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	981 (as of record date of annual stockholders' meeting for the year 2015)
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	May 21, 2015 (for the annual stockholders' meeting for the year 2015)
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	May 21, 2015 (for the annual stockholders' meeting for the year 2015)
State whether CD format or hard copies were distributed	CD format were distributed
If yes, indicate whether requesting stockholders were provided hard copies	Stockholders were provided hard copies upon request.

Special Stockholders' Meeting – August 28, 2015

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	981 (as of record date of special stockholders' meeting)
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	August 3, 2015 (for the special stockholders' meeting for the year 2015)
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	August 3, 2015 (for the special stockholders' meeting for the year 2015)
State whether CD format or hard copies were distributed	CD format were distributed
If yes, indicate whether requesting stockholders were provided hard copies	Stockholders were provided hard copies upon request.

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

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

F. INVESTORS RELATIONS PROGRAM

G.

I. Investors Relations Officers

Ma. Nalen SJ Rosero-Galang, Compliance Officer and CIO	: +63 2 226-3552 ext. 0055
Brian N. Edang, Head Investor Relations	: +63 2 226-3552 ext. 0088
Ma. Cristina M. Lleva, Investor Relations	: +63 2 226-3552 ext. 0064
Rachel C. Ardales, Investor Relations	: +63 2 226-3552 ext. 0064

H. **CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

Initiative	Beneficiary
Waste Segregation: Material Recovery Facilities	Group's Residential Projects
Vermiculture	Group's Residential projects
Coco coir	Group's Residential Projects and nearby communities
Church Building	Group's Residential Projects and nearby communities
Assistance to Overseas Filipino Workers (OFs)	OFs who are the majority buyers of the company, including their families
Environment Protection	Las Pinas-Paranaque Critical Habitat and Ecotourism Area (LPPCHEA)