



ROBINSONS LAND CORPORATION

12F, Robinsons Cyberscape Alpha, Sapphire and Garnet Roads Ortigas Center, Pasig City Philippines
Telephone Numbers: (632) 397-1888 / 397-0101

March 30, 2021

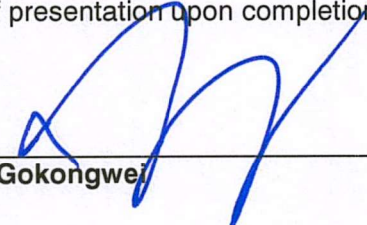
**Securities and Exchange Commission
Ground Flr - North Wing, PICC Secretariat Building,
Philippine International Convention Center (PICC) Complex,
Roxas Boulevard, Pasay City.**

The management of Robinsons Land Corporation and Subsidiaries is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2020, 2019 and 2018, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

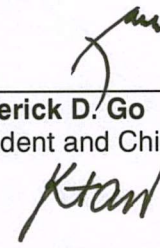
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, as has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process. The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders.

Sycip, Gorres, Velayo and Co. (SGV), the independent auditor appointed by the stockholders, has audited 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 audit.



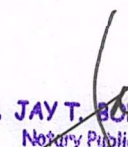
Lance Y. Gokongwei
Chairman



Frederick D. Go
President and Chief Executive Officer

Kerwin Max S. Tan
Chief Financial Officer, Chief Risk Officer
and Compliance Officer

Signed this _____ day of _____
Doc. No. 220
Page No. 44
Book No. 411
Series of 2021
SUBSCRIBED AND SWORN TO BEFORE me,
this APR 08 2021 at Quezon City, Affiant
_____ exhibited to me his/ her _____
_____ issued at _____
_____ on _____ Competent Evidence of Identity


ATTY. JAY T. BORROMEO
Notary Public
For and in Quezon City
Valid Until Dec. 31, 2022
IBP No. 132410 / 11-10-20 for 2021, Quezon City
PTR No. 0598901 / 01-04-21, Quezon City
Roll No. 49649 / TIN 156-545-237
127

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Robinsons Land Corporation

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Robinsons Land Corporation (the Parent Company) and its subsidiaries (collectively referred to as “the Group”), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2020 and 2019, and its financial performance and its cash flows for the three years in the period ended December 31, 2020 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.



We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Real Estate Revenue Recognition

The Group's revenue recognition process, policies and procedures are significant to our audit because these involve the application of significant judgment and estimation in the following areas: (1) assessment of the probability that the Group will be able to collect the consideration from the buyer; (2) application of the input method as the measure of progress of project completion in determining the revenue to be recognized; (3) determination of the actual costs incurred as cost of sales; and (4) recognition of costs to obtain a contract.

In evaluating whether collectability of the amount of consideration is probable, the Group considers the significance of the buyer's initial payments (or buyer's equity) in relation to the total contract price. Collectability is also assessed by considering factors such as past collection history with the buyer, age and pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs, after considering the impact of the coronavirus pandemic, if such would continue to support the Group's current threshold of buyers' equity before commencing revenue recognition.

In determining the transaction price, the Group considers the selling price of the real estate property and other fees and charges collected from the buyers that are not held on behalf of other parties.

In measuring the progress of its performance obligation over time, the Group uses the input method. Under this method, progress is measured based on actual costs incurred on materials, labor, and actual overhead relative to the total estimated development costs of the real estate project. The Group uses the cost accumulated by the accounting department to determine the actual costs incurred. The estimation of the total costs of the real estate project requires technical inputs by project engineers.

In determining the actual costs incurred to be recognized as cost of sales, the Group estimates costs incurred on materials, labor and overhead which have not yet been billed by the contractor.

The Group identifies sales commission after contract inception as the cost of obtaining the contract. For contracts which qualified for revenue recognition, the Group capitalizes the total sales commission due to sales agent as cost to obtain contract and recognizes the related commission payable. The Group uses the percentage-of-completion (POC) method in amortizing sales commission consistent with the Group's revenue recognition policy.

The disclosures related to the real estate revenue are included in Note 23 to the consolidated financial statements.



Audit Response

We obtained an understanding of the Group's revenue recognition process, policies and procedures.

For the buyers' equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales cancellations and back-outs of buyers with accumulated payments above the collection threshold. We also considered the impact of the coronavirus pandemic to the level of cancellations during the year. We traced the analysis to supporting documents such as deed of cancellation.

For the determination of the transaction price, we obtained an understanding of the nature of other fees charged to the buyers. For selected contracts, we agreed the amounts excluded from the transaction price against the expected amounts required to be remitted to the government based on existing tax rules and regulations (e.g., documentary stamp taxes, transfer taxes and real property taxes).

For the application of the input method in determining real estate revenue and for determining cost of sales, we obtained an understanding of the Group's processes for determining the POC, including the cost accumulation process, and for determining and updating total estimated costs, and performed tests of the relevant controls on these processes. We assessed the competence and objectivity of the project engineers by reference to their qualifications, experience and reporting responsibilities. For selected projects, we traced costs accumulated, including those incurred but not yet billed costs, to the supporting documents such as purchase order, billings and invoices of contractors and other documents evidencing receipt of materials and services from suppliers and contractors. We visited selected project sites and made relevant inquiries, including inquiries on how the coronavirus pandemic affected the POC during the period, with project engineers. We performed test computation of the percentage of completion calculation of management. For selected projects, we obtained the approved total estimated costs and any revisions thereto and the supporting details such as capital fulfillment plan, capital expenditure requests and related executive committee approvals. We likewise performed inquiries with the project engineers for the revisions.

For the recognition of cost to obtain a contract, we obtained an understanding of the sales commission process. For selected contracts, we agreed the basis for calculating the sales commission capitalized and portion recognized in profit or loss, particularly (a) the percentage of commission due against contracts with sales agents, (b) the total commissionable amount (i.e., net contract price) against the related contract to sell, and, (c) the POC used in calculating the sales commission against the POC used in recognizing the related revenue from real estate sales.



Accounting for Lease Concessions

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of Covid-19, the Group waived its right to collect rent and other charges as part of various lease concessions it granted to lessees such as lease payment holidays or lease payment reductions. The Group assessed that the lease concessions it granted to lessees do not qualify as lease modifications since the terms and conditions under the corresponding lease contracts have not been modified by the waiver. The Group accounted for the lease concessions in the form of negative variable rent which the Group recorded when the concession is granted regardless of the period to which the concession pertains. The Group's accounting for lease concession under PFRS 16 is significant to our audit because there were numerous lease concessions granted to lessees during the period; the recorded amounts are material to the consolidated financial statements; and accounting for lease concession involves the application of significant judgment in determining whether or not the lease concession is a lease modification.

The disclosures related to the lease concession granted by the Group are included in Notes 5 and 36 to the consolidated financial statements.

Audit Response

We determined the population of lease contracts and obtained an understanding of the type, extent and periods covered under the various lease concessions granted by the Group to the lessees during the year. On a sample basis, we tested the population of lease agreements covered by the lease concessions by comparing the approved contract adjustments against the lease contract database, which include contract number, contract name, contract type and rental rate, among others.

On a test basis, we obtained and inspected the communications of the Group to the lessees and traced the relevant information to the schedule of calculation of the amounts of lease concession. We test computed the amounts of lease concessions.

We obtained management's assessment supporting the conclusion that the lease concessions granted by the Group to the lessees do not qualify as lease modifications. We reviewed the legal opinion issued by the Group's external legal counsel to support the Group's assessment and conclusion about the waiver of its right to collect rent and other charges from lessees. We involved our internal specialist in evaluating the legal basis supporting management's assessment and the legal position. We also reviewed the disclosures relating to the lease concessions.



Impairment Testing of Property and Equipment and Right-of-Use Assets of Hotels and Resorts Segment

In view of the continuing community quarantines and restricted travel, the Group's hotels division continues to be adversely affected by the lower number of guests and reduced room rates, both of which have significantly impacted the revenues reported for this segment. Also, many restaurants remained closed or allowed limited operations which impacted the food and beverage revenues of this segment. These events and conditions are impairment indicators requiring the assessment of the recoverable amount of the hotel division's property and equipment and right-of-use assets, which involves significant judgment, estimation and assumptions about occupancy rates, average room rates, gross margin, as well as external inputs such as discount rate. In addition, because of the coronavirus pandemic, there is the heightened level of uncertainty on the future economic outlook and market forecast. Accordingly, such impairment assessment and testing is a key audit matter in our audit.

The disclosures in relation to property and equipment and right-of-use assets are included in Note 5 to the consolidated financial statements.

Audit Response

We involved our internal specialist in evaluating the methodology and the assumptions used in estimating the recoverable amount. These assumptions include occupancy rates, average room rates, gross margin as well as external inputs such as discount rate. We compared the key assumptions used such as occupancy rates, average room rates and gross margin against industry forecasts and with historical information, adjusted to take into consideration the impact associated with the coronavirus pandemic. We tested the discount rate by comparing against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically, those that have the most significant effect on the determination of the recoverable amount of property and equipment and right-of-use assets.



Other Information

Management is responsible for Other Information. Other Information comprises the information included in SEC Form 20 IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2019 but does not include the consolidated financial statements and our auditor's report thereon. SEC Form 20 IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover Other Information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the Other Information identified above when it becomes available and, in doing so, consider whether such information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

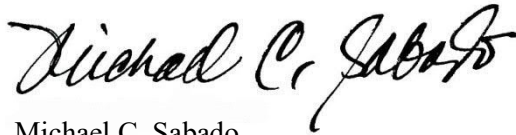
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Michael C. Sabado.

SYCIP GORRES VELAYO & CO.



Michael C. Sabado

Partner

CPA Certificate No. 89336

SEC Accreditation No. 0664-AR-4 (Group A),

November 11, 2019, valid until November 10, 2022

Tax Identification No. 160-302-865

BIR Accreditation No. 08-001998-073-2020,

December 3, 2020, valid until December 2, 2023

PTR No. 8534357, January 4, 2021, Makati City

March 30, 2021



ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2020	2019 (As restated - see Note 4)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 7, 20, and 31)	P14,004,258,784	P7,060,438,523
Receivables (Notes 4, 8, 20, 31 and 32)	14,430,226,330	6,154,007,152
Subdivision land, condominium and residential units for sale (Note 9)	41,251,901,420	36,062,897,387
Other current assets (Notes 10, 31 and 32)	9,266,903,518	7,501,779,810
Total Current Assets	78,953,290,052	56,779,122,872
Noncurrent Assets		
Noncurrent receivables (Notes 4, 8, 20, 31 and 32)	7,861,430,860	11,520,497,445
Investment properties (Note 11)	109,418,090,261	103,799,140,203
Property and equipment (Note 12)	8,507,694,022	8,896,623,535
Investments in joint ventures (Note 30)	2,372,704,894	2,350,181,648
Right-of-use assets (Note 34)	1,112,302,766	1,172,104,695
Other noncurrent assets (Notes 13, 20, 31 and 32)	6,975,212,202	5,133,539,363
Total Noncurrent Assets	136,247,435,005	132,872,086,889
Total Assets	P215,200,725,057	P189,651,209,761
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term loans (Notes 16, 31 and 32)	P-	P8,491,700,000
Accounts payable and accrued expenses (Notes 14, 31, 32 and 34)	14,864,324,397	14,355,044,330
Contract liabilities, deposits and other current liabilities (Notes 4, 15, 20, 31, 32 and 34)	31,332,429,313	17,312,530,855
Income tax payable	122,862,687	1,030,917,681
Current portion of loans payable (Notes 16, 31 and 32)	6,655,000,000	155,000,000
Total Current Liabilities	52,974,616,397	41,345,192,866
Noncurrent Liabilities		
Loans payable - net of current portion (Notes 16, 31 and 32)	46,948,778,783	34,560,272,176
Deferred tax liabilities - net (Note 27)	4,791,021,943	4,368,107,776
Contract liabilities, deposits and other noncurrent liabilities (Notes 4, 17, 20, 29, 31, 32 and 34)	7,768,276,299	9,299,966,465
Total Noncurrent Liabilities	59,508,077,025	48,228,346,417
Total Liabilities	112,482,693,422	89,573,539,283
Equity		
Equity attributable to equity holders of the Parent Company		
Capital stock (Note 19)	5,193,830,685	5,193,830,685
Additional paid-in capital (Note 19)	39,041,328,236	39,041,328,236
Other comprehensive income:		
Remeasurements of net defined benefit liability - net of tax (Note 29)	(181,085,495)	(943,880)
Fair value reserve of financial assets at FVOCI - net of tax (Notes 8 and 32)	66,002,704	78,012,917
Cumulative translation adjustment	(102,703,543)	41,302,360
Retained earnings (Note 18)		
Unappropriated	31,821,949,324	28,155,279,155
Appropriated	26,000,000,000	27,000,000,000
Total Equity	101,839,321,911	99,508,809,473
Non-controlling interest (Note 2)	878,709,724	568,861,005
Total Equity and Non-controlling interest	102,718,031,635	100,077,670,478
Total Liabilities and Equity	P215,200,725,057	P189,651,209,761

See accompanying Notes to Consolidated Financial Statements.



ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2020	2019	2018
REVENUE (Notes 6 and 21)			
Real Estate Operations			
Rental income (Notes 11, 15, 21 and 34)	₱10,617,088,269	₱15,420,499,255	₱13,548,204,208
Real estate sales (Notes 5 and 21)	11,850,184,276	9,028,944,073	10,892,384,961
Amusement income (Note 21)	218,910,438	2,151,785,393	1,972,527,785
Others (Notes 21 and 30)	1,635,326,439	1,549,966,856	1,163,227,782
	24,321,509,422	28,151,195,577	27,576,344,736
Hotel Operations (Note 21)	1,083,317,112	2,432,639,988	1,982,137,914
	25,404,826,534	30,583,835,565	29,558,482,650
COSTS (Notes 6 and 22)			
Real Estate Operations			
Cost of rental services	5,340,635,930	5,363,923,175	5,072,692,446
Cost of real estate sales (Note 9)	6,161,235,541	4,235,325,163	4,931,427,825
Cost of amusement services	92,678,800	956,468,868	906,006,116
Others	380,233,380	1,558,840,833	1,201,585,102
	11,974,783,651	12,114,558,039	12,111,711,489
Hotel Operations (Note 22)	1,347,774,077	2,089,588,261	1,556,880,775
	13,322,557,728	14,204,146,300	13,668,592,264
	12,082,268,806	16,379,689,265	15,889,890,386
GENERAL AND ADMINISTRATIVE EXPENSES (Notes 6 and 23)	3,588,403,755	4,096,793,400	3,996,352,869
INCOME BEFORE OTHER INCOME (LOSSES)	8,493,865,051	12,282,895,865	11,893,537,517
OTHER INCOME (LOSSES)			
Interest income (Notes 7 and 26)	239,358,482	287,417,657	156,969,192
Gain (loss) on foreign exchange (Note 31)	(151,057,904)	1,017,983	2,290,232
Interest expense (Notes 16, 26 and 34)	(1,576,998,829)	(1,052,823,418)	(836,112,262)
Others - net (Notes 2 and 12)	1,097,316	(11,724,324)	26,346,917
	(1,487,600,935)	(776,112,102)	(650,505,921)
INCOME BEFORE INCOME TAX	7,006,264,116	11,506,783,763	11,243,031,596
PROVISION FOR INCOME TAX (Note 27)	1,746,899,885	2,814,174,005	3,019,067,011
NET INCOME	5,259,364,231	8,692,609,758	8,223,964,585
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive loss to be reclassified to profit or loss in subsequent periods			
Cumulative translation adjustment	(144,005,903)	(33,541,621)	(565,483)
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods			
Remeasurements of net defined benefit liability (Note 29)	(257,345,164)	50,628,481	39,319,717
Fair value reserve of financial assets at FVOCI (Notes 8 and 13)	(17,157,447)	98,843,664	(9,064,944)
Income tax effect (Note 27)	82,350,783	(44,841,643)	(9,076,432)
	(192,151,828)	104,630,502	21,178,341
Total Other Comprehensive Income (Loss)	(336,157,731)	71,088,881	20,612,858
TOTAL COMPREHENSIVE INCOME	₱4,923,206,500	₱8,763,698,639	₱8,244,577,443

(Forward)



	Years Ended December 31		
	2020	2019	2018
Net Income Attributable to:			
Equity holders of Parent Company	₱5,263,683,512	₱8,686,233,159	₱8,216,002,328
Non-controlling interests	(4,319,281)	6,376,599	7,962,257
	₱5,259,364,231	₱8,692,609,758	₱8,223,964,585
Total Comprehensive Income Attributable to:			
Equity holders of Parent Company	₱4,927,525,781	₱8,757,322,040	₱8,236,615,186
Non-controlling interests	(4,319,281)	6,376,599	7,962,257
	₱4,923,206,500	₱8,763,698,639	₱8,244,577,443
Basic/Diluted Earnings Per Share (Note 28)	₱1.01	₱1.67	₱1.62

See accompanying Notes to Consolidated Financial Statements.



ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Year Ended December 31, 2020											
Attributable to Equity Holders of the Parent Company											
	Capital Stock (Note 19)	Additional Paid-in Capital (Note 19)	Other Equity Reserve (Note 19)	Remeasurements of Net Defined Benefit Liability (Note 29)	Cumulative Translation Adjustment	Fair value reserve of financial assets at FVOCI (Notes 8 and 13)	Unappropriated Retained Earnings (Note 18)	Appropriated Retained Earnings (Note 18)	Total	Non-controlling Interest	Total Equity
Balances at January 1, 2020	₱5,193,830,685	₱39,041,328,236	₱-	(₱943,880)	₱41,302,360	₱78,012,917	₱28,155,279,155	₱27,000,000,000	₱99,508,809,473	₱568,861,005	₱100,077,670,478
Comprehensive income (loss)											
Net income	-	-	-	-	-	-	5,263,683,512	-	5,263,683,512	(4,319,281)	5,259,364,231
Other comprehensive income (loss), net of tax	-	-	-	(180,141,615)	(144,005,903)	(12,010,213)	-	-	(336,157,731)	-	(336,157,731)
Total comprehensive income (loss)	-	-	-	(180,141,615)	(144,005,903)	(12,010,213)	5,263,683,512	-	4,927,525,781	(4,319,281)	4,923,206,500
Reversal of appropriation (Note 18)	-	-	-	-	-	-	27,000,000,000	(27,000,000,000)	-	-	-
Appropriation (Note 18)	-	-	-	-	-	-	(26,000,000,000)	26,000,000,000	-	-	-
Cash dividends (Note 18)	-	-	-	-	-	-	(2,596,915,343)	-	(2,596,915,343)	(10,290,000)	(2,607,205,343)
Stock issue costs (Note 19)	-	-	-	-	-	-	(98,000)	-	(98,000)	(42,000)	(140,000)
Additional investment in a subsidiary (Note 2)	-	-	-	-	-	-	-	-	-	324,500,000	324,500,000
Balances at December 31, 2020	₱5,193,830,685	₱39,041,328,236	₱-	(₱181,085,495)	(₱102,703,543)	₱66,002,704	₱31,821,949,324	₱26,000,000,000	₱101,839,321,911	₱878,709,724	₱102,718,031,635

For the Year Ended December 31, 2019											
Attributable to Equity Holders of the Parent Company											
	Capital Stock (Note 19)	Additional Paid-in Capital (Note 19)	Other Equity Reserve (Note 19)	Remeasurements of Net Defined Benefit Liability (Note 29)	Cumulative Translation Adjustment	Fair value reserve of financial assets at FVOCI (Note 8)	Unappropriated Retained Earnings (Note 18)	Appropriated Retained Earnings (Note 18)	Total	Non-controlling Interest	Total Equity
Balances at January 1, 2019, as previously reported	₱5,193,830,685	₱39,041,328,236	(₱87,597,873)	(₱36,195,795)	₱74,843,981	₱8,822,352	₱22,315,570,513	₱27,000,000,000	₱93,510,602,099	₱409,114,406	₱93,919,716,505
Effect of adoption of PFRS 16, Leases	-	-	-	-	-	-	387,988,699	-	387,988,699	-	387,988,699
Balances at January 1, 2019, as restated	5,193,830,685	39,041,328,236	(87,597,873)	(36,195,795)	74,843,981	8,822,352	22,703,559,212	27,000,000,000	93,898,590,798	409,114,406	94,307,705,204
Comprehensive income (loss)											
Net income	-	-	-	-	-	-	8,686,233,159	-	8,686,233,159	6,376,599	8,692,609,758
Other comprehensive income (loss), net of tax	-	-	-	35,439,937	(33,541,621)	69,190,565	-	-	71,088,881	-	71,088,881
Total comprehensive income (loss)	-	-	-	35,439,937	(33,541,621)	69,190,565	8,686,233,159	-	8,757,322,040	6,376,599	8,763,698,639
Reversal of appropriation (Note 18)	-	-	-	-	-	-	27,000,000,000	(27,000,000,000)	-	-	-
Appropriation (Note 18)	-	-	-	-	-	-	(27,000,000,000)	27,000,000,000	-	-	-
Cash dividends (Note 18)	-	-	-	-	-	-	(2,596,915,343)	-	(2,596,915,343)	(5,880,000)	(2,602,795,343)
Property dividend (Notes 2, 18 and 19)	-	-	87,597,873	(188,022)	-	-	(637,597,873)	-	(550,188,022)	-	(550,188,022)
Incorporation of a subsidiary (Note 2)	-	-	-	-	-	-	-	-	-	159,250,000	159,250,000
Balances at December 31, 2019	₱5,193,830,685	₱39,041,328,236	₱-	(₱943,880)	₱41,302,360	₱78,012,917	₱28,155,279,155	₱27,000,000,000	₱99,508,809,473	₱568,861,005	₱100,077,670,478



For the Year Ended December 31, 2018												
Attributable to Equity Holders of the Parent Company												
	Capital Stock (Note 19)	Additional Paid-in Capital (Note 19)	Treasury Stock (Note 19)	Other Equity Reserve (Note 19)	Remeasurements of Net Defined Benefit Liability (Note 29)	Cumulative Translation Adjustment	Fair value reserve of financial assets at FVOCI (Note 8)	Unappropriated Retained Earnings (Note 18)	Appropriated Retained Earnings (Note 18)	Total	Non-controlling Interest	Total Equity
Balances at January 1, 2018	₱4,111,528,685	₱20,392,532,781	(₱221,834,657)	(₱87,597,873)	(₱63,719,597)	₱75,409,464	₱15,167,813	₱18,469,347,232	₱24,500,000,000	₱67,190,833,848	₱281,277,149	₱67,472,110,997
Comprehensive income (loss)												
Net income	-	-	-	-	-	-	-	8,216,002,328	-	8,216,002,328	7,962,257	8,223,964,585
Other comprehensive income (loss), net of tax	-	-	-	-	27,523,802	(565,483)	(6,345,461)	-	-	20,612,858	-	20,612,858
Total comprehensive income (loss)	-	-	-	-	27,523,802	(565,483)	(6,345,461)	8,216,002,328	-	8,236,615,186	7,962,257	8,244,577,443
Reversal of appropriation (Note 18)	-	-	-	-	-	-	-	24,500,000,000	(24,500,000,000)	-	-	-
Appropriation (Note 18)	-	-	-	-	-	-	-	(27,000,000,000)	27,000,000,000	-	-	-
Cash dividends (Note 18)	-	-	-	-	-	-	-	(1,869,779,047)	-	(1,869,779,047)	-	(1,869,779,047)
Issuance of capital stock (Note 19)	1,082,302,000	18,648,795,455	221,834,657	-	-	-	-	-	-	19,952,932,112	-	19,952,932,112
Incorporation of a subsidiary (Note 2)	-	-	-	-	-	-	-	-	-	-	120,000,000	120,000,000
Sale of investment in subsidiary	-	-	-	-	-	-	-	-	-	-	(125,000)	(125,000)
Balances at December 31, 2018	₱5,193,830,685	₱39,041,328,236	₱-	(₱87,597,873)	(₱36,195,795)	₱74,843,981	8,822,352	₱22,315,570,513	₱27,000,000,000	₱93,510,602,099	₱409,114,406	₱93,919,716,505

See accompanying Notes to Consolidated Financial Statements.



ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱7,006,264,116	₱11,506,783,763	₱11,243,031,596
Adjustments for:			
Depreciation (Notes 11, 12, 22 and 24)	5,124,896,951	4,910,281,126	4,456,732,645
Interest expense (Notes 16 and 26)	1,429,987,739	907,257,726	836,112,262
Provision for impairment losses (Note 23)	180,022,673	–	–
Interest expense on lease liabilities (Note 32)	147,011,090	145,565,692	–
Accretion expense on security deposits (Notes 15 and 22)	81,719,528	76,293,508	72,906,097
Net movement in pension liabilities (Note 29)	47,697,799	62,844,354	27,988,636
Amortization of ROU assets (Note 34)	59,801,929	56,264,289	–
Gain on sale of property and equipment (Note 12)	(995,352)	(560,459)	(3,361,606)
Equity in net earnings (loss) of joint ventures (Note 30)	(155,019,617)	(68,305,994)	26,148,678
Loss on deconsolidation (Note 2)	–	12,284,783	–
Interest income (Notes 7 and 26)	(1,018,455,764)	(610,196,621)	(1,138,588,624)
Operating income before working capital changes	12,902,931,092	16,998,512,167	15,520,969,684
Decrease (increase) in:			
Receivables - trade	(5,143,795,248)	(1,015,408,456)	(5,585,120,862)
Subdivision land, condominium and residential units for sale (inclusive of capitalized borrowing cost)	(3,010,696,866)	(4,487,851,099)	(936,663,342)
Other current assets	(3,391,299,366)	5,696,776,754	(7,413,440,340)
Increase (decrease) in:			
Accounts payable and accrued expenses and other noncurrent liabilities	630,835,247	(40,801,337)	(1,255,001,726)
Customers' deposits	12,068,023,008	2,887,232,775	13,822,253,016
Cash generated from operations	14,055,997,867	20,038,460,804	14,152,996,430
Interest received from installment contract receivables (Note 21)	779,097,282	322,778,964	942,301,995
Income tax paid	(2,156,571,138)	(2,231,008,815)	(1,805,290,477)
Net cash flows provided by operating activities	12,678,524,011	18,130,230,953	13,290,007,948
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received from cash and short-term investments	229,308,899	283,605,870	77,230,423
Decrease (increase) in:			
Receivables from affiliated companies (Notes 8 and 20)	325,467,476	(1,148,150,529)	(184,215,751)
Advances to suppliers and contractors (Notes 10 and 13)	(68,087,976)	(583,995,374)	57,145,969
Other noncurrent assets	(86,296,063)	30,353,916	86,550,417
Advances to lot owners (Notes 10 and 13)	(1,795,473,472)	(1,808,458,201)	(1,603,678,636)
Additions to:			
Investment properties (inclusive of capitalized borrowing cost) (Note 11)	(10,173,539,392)	(9,679,041,704)	(11,479,665,291)
Property and equipment (Note 12)	(980,913,004)	(1,788,359,350)	(1,965,253,586)
Investments in joint ventures (Note 30)	(65,720,000)	(1,124,368,855)	(2,400,000,000)
Proceeds from:			
Controlling interest in a newly incorporated subsidiary	–	159,250,000	120,000,000
Additional subscription on a subsidiary	324,500,000	–	–
Disposal of property and equipment (Note 12)	995,352	560,459	3,361,606
Disposal of investment in subsidiary	–	–	56,079,593
Net cash flows used in investing activities	(12,289,758,180)	(15,658,603,768)	(17,232,445,256)

(Forward)



	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES (Note 37)			
Proceeds from availment of:			
Loans payable (Note 168)	₱19,190,280,000	₱-	₱1,192,801,668
Short-term loans (Note 16)	-	8,491,700,000	896,700,000
Stock rights offering (Note 19)	-	-	20,020,000,000
Sale of lease-to-own receivables (Note 8)	-	-	1,135,920,631
Payments of:			
Cash dividends (Notes 14 and 18)	(2,605,432,058)	(2,602,812,061)	(1,867,464,936)
Loans payable (Note 16)	(155,000,000)	(1,806,127,328)	(396,938,050)
Interest on loans	(1,175,776,834)	(908,519,293)	(853,111,456)
Interest on lease liabilities	(13,381,947)	(38,218,003)	-
Short-term loans (Note 16)	(8,491,700,000)	(896,700,000)	(15,693,400,000)
Principal portion of lease liabilities (Note 34)	(105,447,215)	(98,488,847)	-
Stock issuance cost (Note 19)	(140,000)	-	(67,067,888)
Debt issue cost (Note 16)	(209,317,145)	-	-
Increase (decrease) in payable to affiliated companies and other noncurrent liabilities (Notes 15 and 17)	120,969,629	(95,863,957)	43,383,643
Net cash flows provided by financing activities	6,555,054,430	2,044,970,511	4,410,823,612
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,943,820,261	4,516,597,696	468,386,304
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	7,060,438,523	2,543,840,827	2,075,454,523
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	₱14,004,258,784	₱7,060,438,523	₱2,543,840,827

See accompanying Notes to Consolidated Financial Statements.



ROBINSONS LAND CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Robinsons Land Corporation (the Parent Company) is a stock corporation organized and incorporated on June 4, 1980 under the laws of the Philippines. The Parent Company and its subsidiaries are collectively referred herein as “the Group”.

The Group is engaged in the business of selling, acquiring, developing, operating, leasing and disposing of real properties such as land, buildings, lifestyle commercial centers, office developments, industrial facilities, housing projects, hotels and other variants and mixed-used property projects. The Group is 60.97% owned by JG Summit Holdings, Inc. (JGSHI or the Ultimate Parent Company) and the balance is owned by the public, directors and officers as of December 31, 2020. JGSHI is one of the country’s largest conglomerates, with diverse interests in branded consumer foods, agro-industrial and commodity food products, petrochemicals, air transportation and financial services.

The Parent Company’s shares of stock are listed and currently traded at the Philippine Stock Exchange (PSE).

The Parent Company’s principal executive office is located at Level 2, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City, Metro Manila.

The consolidated financial statements as of December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018 were authorized for issue by the Parent Company’s Board of Directors (BOD) on March 30, 2021.

2. Basis of Preparation

The consolidated financial statements of the Group have been prepared under the historical cost basis except for financial assets at fair value through Other Comprehensive Income (FVOCI) that have been measured at fair value. The consolidated financial statements are presented in Philippine Peso (₱), the Parent Company’s functional currency. All amounts are rounded to the nearest Peso unless otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period and have been prepared under the going concern assumption. The Group is cognizant of COVID-19’s potential material impact on its financial performance, the execution of its plans and strategies, and its customers and employees should the situation persist in the longer-term. Nevertheless, the Group expects to regain its significant foothold in the market it operates in as movement restrictions ease and as consumer sentiment recovers. Furthermore, despite unprecedented headwinds, the Group’s financial position remains stable and strong on the back of its well-balanced and diversified business portfolio.

Statement of Compliance

The consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs) which include the availment of the relief granted by the SEC under Memorandum Circular No. 4-2020 and Memorandum Circular Nos. 14-2018 and 3-2019 for the following implementation issues of PFRS 15 affecting the real estate industry:



Deferral of the following provisions of Philippine Interpretations Committee (PIC) Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry

- a. Exclusion of land in the determination of percentage of completion (POC) discussed in PIC Q&A No. 2018-12-E
- b. Accounting for significant financing component discussed in PIC Q&A No. 2018-12-D
- c. Accounting to Common Usage Service Area (CUSA) Charges discussed in PIC Q&A No. 2018-12-H
- d. Implementation of International Financial Reporting Standards (IFRS) Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (Philippine Accounting Standards 23, *Borrowing Cost*) for Real Estate industry

Deferral of the adoption of PIC Q&A 2018-14: Accounting for Cancellation of Real Estate Sales (as amended by PIC Q&A 2020-05)

In December 2020, the SEC issued MC No. 34-2020, allowing the further deferral of the adoption of provisions (a) and (b) above of PIC Q&A 2018-12 and the IFRIC Agenda Decision on Borrowing Cost, for another other (three) 3 years or until December 31, 2023.

The details and the impact of the adoption of the above financial reporting reliefs are discussed in the Adoption of New and Amended Accounting Standards and Interpretations section of Note 3.

PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards and Interpretations issued by the Philippine Interpretations Committee (PIC).

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group as of December 31, 2020 and 2019 and for each of three years in the period ended December 31, 2020, 2019 and 2018.

The consolidated financial statements are prepared for the same reporting period as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances.

An investee is included in the consolidation at the point when control is achieved. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements



- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests (NCI) pertain to the equity in a subsidiary not attributable, directly or indirectly to the Parent Company. NCI represent the portion of profit or loss and net assets in subsidiaries not owned by the Group and are presented separately in consolidated statement of comprehensive income and consolidated statement of changes in equity and within equity in the consolidated statement of financial position, separately from equity holders' of the Parent Company.

Any equity instruments issued by a subsidiary that are not owned by the Parent Company are non-controlling interests, including preferred shares and options under share-based transactions, if any.

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, the carrying amount of any non-controlling interest and the cumulative translation differences recorded in equity.
- Recognizes the fair value of the consideration received, the fair value of any investment retained and 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.



The consolidated financial statements include the financial statements of the Parent Company and the following subsidiaries as of December 31, 2020, 2019 and 2018:

	Country of Incorporation	Effective Percentage of Ownership		
		2020	2019	2018
Robinson's Inn, Inc.	Philippines	100%	100%	100%
Robinsons Realty and Management Corporation	Philippines	100%	100%	100%
Robinsons Properties Marketing & Management Corp.	Philippines	100%	100%	100%
Manhattan Buildings and Management Corporation	Philippines	100%	100%	100%
Robinson's Land (Cayman), Ltd.	Cayman Islands	100%	100%	100%
Altus Mall Ventures, Inc.	Philippines	100%	100%	100%
Bonifacio Property Ventures, Inc. (BPVI)	Philippines	100%	100%	100%
Bacoor R and F Land Corporation (BRFLC)	Philippines	70%	70%	70%
Altus Angeles, Inc. (AAI)	Philippines	51%	51%	51%
GoHotels Davao, Inc. (GDI)	Philippines	51%	51%	51%
RLC Resources Ltd. (RLCRL)	British Virgin Island	100%	100%	100%
Land Century Holdings Ltd. (LCHL)	Hong Kong	100%	100%	100%
World Century Enterprise Ltd. (WCEL)	Hong Kong	100%	100%	100%
First Capital Development Ltd. (First Capital)	Hong Kong	100%	100%	100%
Chengdu Xin Yao Real Estate Development, Co. Ltd. (Chengdu Xin Yao)	China	100%	100%	100%
RLGB Land Corporation (RLGB)	Philippines	51%	51%	–
Altus Property Ventures, Inc. (formerly Altus San Nicolas Corp.) (APVI)	Philippines	–	–	100%

The functional currency of Robinson's Land (Cayman), Ltd. and RLCRL is the US Dollar (US\$); LCHL, WCEL and First Capital is the Hong Kong Dollar (HKD); and Chengdu Xin Yao is the Renminbi (RMB).

The voting rights held by the Parent Company in the above subsidiaries is equivalent to its ownership interest.

On April 20, 2018, the BOD approved the sale of the Parent Company's 80% share in Lingkod Pinoy Bus Liner, Inc. (LPBLI) for ₱56 million to Gran Cruiser Bus Corp. As a result of the sale, LPBLI ceased as a subsidiary of the Group and deconsolidated as of and for the year ended December 31, 2018.

On October 15, 2018, Bacoor R and F Land Corporation (BRFLC) was incorporated, where the Parent Company owns 70% of the subscribed capital stock. The primary purpose is to acquire, own, and hold real estate properties situated in Bacoor City, Province of Cavite or any other properties approved by the Board of Directors or stockholders of BRFLC, and to sell, lease, mortgage, alienate, or develop the parcels of land acquired by BRFLC.

On December 21, 2018, Bonifacio Property Ventures, Inc. (BPVI) was incorporated for the primary purpose to acquire by purchase, lease, donation or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop and hold for investment or otherwise, real estate of all kinds, whether improve, manage or otherwise dispose of buildings, houses, apartments and other real estate and/or structures of whatever kind, together with their appurtenances. The Parent Company owns 100% of the subscribed capital stock of BPVI.



On June 7, 2019, RLGB Land Corporation (RLGB) was incorporated for the primary purpose to acquire by purchase, lease, donation or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop and hold for investment or otherwise, real estate of all kinds, whether improve, manage or otherwise dispose of buildings, houses, apartments and other real estate and/or structures of whatever kind, together with their appurtenances. The Parent Company owns 51% of the subscribed capital stock of RLGB.

On July 31, 2019, the BOD of the Parent Company approved the declaration, by way of property dividend of up to One Hundred Million (100,000,000) common shares of Altus Property Ventures, Inc. (APVI) in favor of the registered shareholders (the Receiving Shareholders) of the Parent Company as of August 15, 2019. The SEC approved the property dividend declaration on November 15, 2019 and the Certificate Authorizing Registration was issued by the Bureau of Internal Revenue on December 6, 2019.

The Receiving Shareholders received a ratio of one (1) share of APVI for every fifty-one and 9384/10000 (51.9384) shares of the Parent Company, net of applicable final withholding tax. No fractional shares were issued and no shareholder was entitled to any fractional shares. The fair value of the APVI shares is ₱10.10 per share, based on the Valuation and Fairness Opinion rendered by an independent advisor.

As a result of the dividend distribution, the Group lost control over APVI. Accordingly, the Group derecognized the related assets and liabilities of APVI and the remaining interest of 6,106,366 shares, representing 6.11% of total common shares of APVI, with an equivalent fair value of ₱61,674,297. This was recognized as financial assets at FVOCI under “Other noncurrent assets” in the consolidated statement of financial position. The resultant loss of ₱12 million was recognized under “Loss on deconsolidation” in the 2019 consolidated statement of comprehensive income.

Voting rights held by non-controlling interests on AAI, GDI, BRFLC and RLGB are equivalent to 49%, 49%, 30% and 49%, respectively. As of December 31, 2020 and 2019, the Group does not consider these subsidiaries as having material non-controlling interest that would require additional disclosures.

3. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of following new and amended PFRSs which became effective January 1, 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The nature and impact of each new standard and amendment are described below:

- Amendments to PFRS 3, *Definition of a Business*

The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant’s ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.



An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

These amendments may impact future periods should the Group enter into any business combinations.

- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*

The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

These amendments do not have a significant impact on the Group.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

These amendments do not have a significant impact on the Group.

- Amendments to PFRS 16, *COVID 19-related Rent Concessions*

The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

- The rent concession is a direct consequence of COVID-19;
- The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
- There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted.



The Group adopted the amendments beginning January 1, 2020. As there are no rent concessions granted to the Group as a lessee, these amendments had no impact on the consolidated financial statements.

- The Conceptual Framework for Financial Reporting

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the International Accounting Standards Board in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

This conceptual framework was issued on March 29, 2018 and had no impact on the consolidated financial statements of the Group.

Standards Issued but not yet Effective

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

Effective beginning on or after January 1, 2021

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships; and
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Group shall also disclose information about:

- The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and must be applied retrospectively.



Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and must be applied prospectively.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to PFRSs 2018-2020 Cycle*

- Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based



on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

- Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
 - What is meant by a right to defer settlement
 - That a right to defer must exist at the end of the reporting period
 - That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
 - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively.



- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2021, with comparative figures required. Early application is permitted.

The new standard is not applicable to the Group since none of the entities within the Group have activities that are predominantly connected with insurance or issue insurance contracts.

Deferred effectivity

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

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

- *Deferment of Implementation of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (IAS 23, Borrowing Cost) for the Real Estate Industry*

In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under par. 35(c) of IFRS 15. IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a



qualifying asset under IAS 23 considering that these inventories are ready for their intended sale in their current condition.

The IFRIC agenda decision would change the Group's current practice of capitalizing borrowing costs on real estate projects with pre-selling activities.

On February 11, 2020, the Philippine SEC issued Memorandum Circular No. 4, Series of 2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Effective January 1, 2021, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC agenda decision.

For real estate companies that avail of the deferral, the SEC requires disclosure in the Notes to the Financial Statements of the accounting policies applied, a discussion of the deferral of the subject implementation issues, and a qualitative discussion of the impact in the financial statements had the IFRIC agenda decision been adopted.

The Group opted to avail of the relief as provided by the SEC. Had the Group adopted the IFRIC agenda decision, borrowing costs capitalized to real estate inventories related to projects with pre-selling activities should have been expensed out in the period incurred.

This adjustment should have been applied retrospectively and would have resulted to restatement of prior year financial statements. A restatement would have impacted interest expense, cost of real estate sales, provision for deferred income tax, subdivision land, condominium and residential units for sale, deferred tax liability and opening balance of retained earnings.

- *Deferral of Certain Provisions of PIC Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-02 and 2020-04)*

On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 08, 2019, the Philippine Securities and Exchange Commission (SEC) issued SEC MC No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023. A summary of the PIC Q&A provisions covered by the SEC deferral and the related deferral period follows:

	Deferral Period
a. Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)	Until December 31, 2023
b. Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E	Until December 31, 2023
c. Treatment of uninstalled materials in the determination of the POC discussed in PIC Q&A 2018-12-E (as amended by PIC Q&A 2020-02)	Until December 31, 2020
d. Accounting for CUSA Charges discussed in PIC Q&A No. 2018-12-H	Until December 31, 2020



The SEC Memorandum Circulars also provided the mandatory disclosure requirements should an entity decide to avail of any relief. Disclosures should include:

- a. The accounting policies applied.
- b. Discussion of the deferral of the subject implementation issues in the PIC Q&A.
- c. Qualitative discussion of the impact on the financial statements had the concerned application guidelines in the PIC Q&A been adopted.
- d. Should any of the deferral options result into a change in accounting policy (e.g., when an entity excludes land and/or uninstalled materials in the POC calculation under the previous standard but opted to include such components under the relief provided by the circular), such accounting change will have to be accounted for under PAS 8, i.e., retrospectively, together with the corresponding required quantitative disclosures.

In November 2020, the PIC issued the following Q&As which provide additional guidance on the real estate industry issues covered by the above SEC deferrals:

- PIC Q&A 2020-04, which provides additional guidance on determining whether the transaction price includes a significant financing component
- PIC Q&A 2020-02, which provides additional guidance on determining which uninstalled materials should not be included in calculating the POC

After the deferral period, real estate companies would have to adopt PIC Q&A No. 2018-12 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

The Group is already compliant with PIC Q&A 2018-12-E as it normally excludes land in the determination of the POC.

On the other hand, the Group has adopted PIC Q&A 2020-02 and has included the uninstalled customized materials in the measurement of progress. This is consistent with the Group's policy.

The Group availed of the SEC reliefs to defer certain specific provisions of PIC Q&A No. 2018-12. Had these provisions been adopted, the Group assessed that the impact would have been as follows:

- a. The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements. Adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, installment contract receivables, provision for deferred income tax, deferred tax asset or liability for all years presented, and the opening balance of retained earnings. The Group has yet to assess if the mismatch constitutes a significant financing component for its contracts to sell.
- b. Had the Group accounted for the revenue from air-conditioning services, CUSA and handling services as principal, this would have resulted in the gross presentation of the related revenue, costs and expenses. The Group opts to use alternative presentation of CUSA as other income as the gross amount of revenue and related costs and expenses are not individually material. There is no impact on opening retained earnings, income and expense and the related balance sheet accounts.



The above would have impacted the cash flows from operating activities for all years presented.

As prescribed by SEC MC No. 34-2020, for financial reporting periods beginning on or after January 1, 2021, the availment of the above deferral will impact the Group's financial reporting during the period of deferral as follows:

- a. The consolidated financial statements are not considered to be in accordance with PFRSs and should specify in the "*Basis of Preparation of the Consolidated Financial Statements*" section of the consolidated financial statements that the accounting framework is:

PFRSs, as modified by the application of the following financial reporting reliefs issued and approved by the Securities and Exchange Commission in response to the COVID-19 pandemic:

- 1) *Assessing if the transaction price includes a significant financing component (as amended by PIC Q&A 2020-04)*

- b. The Auditor's report will:

- i. reflect in the Opinion paragraph that the consolidated financial statements are prepared in accordance with the compliance framework described in the notes to the consolidated financial statements; and
- ii. include an Emphasis of Matter paragraph to draw attention to the basis of accounting that has been used in the preparation of the consolidated financial statements.

Upon full adoption of the above deferred guidance, the accounting policies will have to be applied using full retrospective approach following the guidance under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

- Deferral of PIC Q&A 2018-14, *Accounting for Cancellation of Real Estate Sales* (as amended by PIC Q&A 2020-05)

On June 27, 2018, PIC Q&A 2018-14 was issued providing guidance on accounting for cancellation of real estate sales. Under SEC MC No. 3-2019, the adoption of PIC Q&A No. 2018-14 was deferred until December 31, 2020. After the deferral period, real estate companies will adopt PIC Q&A No. 2018-14 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

On November 11, 2020, PIC Q&A 2020-05 was issued which supersedes PIC Q&A 2018-14. This PIC Q&A adds a new approach where the cancellation is accounted for as a modification of the contract (i.e., from non-cancellable to being cancellable). Under this approach, revenues and related costs previously recognized shall be reversed in the period of cancellation and the inventory shall be reinstated at cost. PIC Q&A 2020-05 will have to be applied prospectively from approval date of the Financial Reporting Standards Council which was November 11, 2020.

The Group availed of the SEC relief to defer of adoption of this PIC Q&A until December 31, 2020. Currently, the Group records the repossessed inventory at cost. The Group is still evaluating the approach to be availed among the existing options. Had the relief not been adopted and the current practice would be different from the approach to be implemented, this could have impacted the recording of revenue from real estate sales, cost of real estate sales, valuation of repossessed inventory and gain or loss from repossession in 2020.



4. Summary of Significant Accounting Policies

Revenue and Cost Recognition

Revenue Recognition

Revenue from Contract with Customers

The Group primarily derives its real estate revenue from the sale of vertical and horizontal real estate projects. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Except for the provisioning of water, electricity, and common use service area in its leasing portfolio wherein it is acting as agent, the Group has generally concluded that it is the principal in its revenue arrangements.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 21.

The following specific recognition criteria must also be met before revenue is recognized:

Real estate sales – Philippines Operations – Performance obligation is satisfied over time

The Group derives its real estate revenue from sale of lots, house and lot and condominium units. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses input method. Input methods recognize revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation. Progress is measured based on actual resources consumed such as materials, labor hours expended and actual overhead incurred relative to the total expected inputs to the satisfaction of that performance obligation, or the total estimated development costs of the real estate project. The Group uses the cost accumulated by the accounting department to determine the actual resources used. Input method exclude the effects of any inputs that do not depict the entity's performance in transferring control of goods or services to the customer.

Estimated development costs of the real estate project include costs of land, land development, building costs, professional fees, depreciation of equipment directly used in the construction, payments for permits and licenses. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts, form part of total project costs on a prospective basis.

Any excess of collections over the total of recognized trade receivables and installment contract receivables is included in the "contract liabilities" account in the liabilities section of the consolidated statement of financial position.

The impact of the significant financing component on the transaction price has not been considered since the Group availed the relief granted by the SEC under Memorandum Circular Nos. 14-2018 as of 2018 for the implementation issues of PFRS 15 affecting the real estate industry. Under the SEC Memorandum Circular No. 34, the relief has been extended until December 31, 2023.



Real estate sales – Philippines Operations – Performance obligation is satisfied at a point in time

The Group also derives real estate revenue from sale of parcels of raw land and developed land. Revenue from the sale of these parcels of raw land are recognized at a point in time (i.e., upon transfer of control to the buyer) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use but the Group does not have an enforceable right to payment for performance completed to date. The Group is only entitled to payment upon delivery of the land to the buyer and if the contract is terminated, the Group has to return all payments made by the buyer.

Real estate sales – China Operations

Taking into account the contract terms per house purchase and sales contract, Chengdu Xin Yao's business practice and, the legal and regulatory environment in China, most of the property sales contracts in China do not meet the criteria for recognizing revenue over time and therefore, revenue from property sales continues to be recognized at a point in time. For some properties where there is no alternative use to the Group due to contractual reasons and the Group has an enforceable right to payment from customer for performance completed to date, the revenue is recognized over time under the percentage-of-completions. Under PFRS 15, revenue from property sales is generally recognized when the property is accepted by the customer, or deemed as accepted according to the contract, whichever is earlier, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property.

Rental income

The Group leases its commercial real estate properties to others through operating leases. Rental income on leased properties is recognized on a straight-line basis over the lease term and may include contingent rents based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract. Contingent rents are recognized as revenue in the period in which they are earned.

Rental income is not recognized when the Group waives its right to collect rent and other charges under a lease concession. This is recognized as a rent concession and reported as a variable payment in the consolidated statement of comprehensive income (see Note 21).

Marketing fees and management fees

Marketing fees and management fees from administration and property management are recognized as revenue when the related services are rendered.

Amusement income

Revenue is recognized upon rendering of services or at a point in time.

Revenue from hotel operations

Revenue from hotel operations is recognized as services are rendered or over time, and when food and beverage are served. Revenue from banquets and other special events are recognized as the events take place or over time. Rental income on leased areas of the hotel is recognized on a straight-line basis over the lease term. Revenue from food and beverage are recognized when these are served. Other income from transport, laundry, valet and other related hotel services are recognized when services are rendered.

Interest income

Interest income is recognized as the interest accrues using the effective interest rate (EIR) method.



Dividend income

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

Other income

Other income is recognized when earned.

Costs Recognition

Cost Recognition

Cost of Real Estate Sales

The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as land and connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs.

These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions, and final contract settlements which may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced.

Marketing fees and management fees

Marketing fees and management fees from administration and property management are recognized as expense when services are incurred.

Costs to obtain contract

The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. The Group has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "Cost of real estate sales" account in the consolidated statement of income.

Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.



Cost of hotel operations (part of cost of real estate sales in the consolidated statement of income)

Cost of hotel operations pertains to expenses incurred in relation to sale of goods and rendering of services. These are recognized when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen than can be measured reliably. These are recognized when incurred and measured at the amount paid or payable.

Contract fulfillment assets

Contract fulfillment costs are divided into: (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Group firstly considers any other applicable standards. If those standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15.

If other standards are not applicable to contract fulfillment costs, the Group applies the following criteria which, if met, result in capitalization: (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) the costs are expected to be recovered. The assessment of this criteria requires the application of judgment, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

The Group's contract fulfillment assets pertain to connection fees and land acquisition costs.

Amortization, de-recognition and impairment of capitalized costs to obtain a contract

Following the pattern of real estate revenue recognition, the Group amortizes capitalized costs to obtain a contract to cost of sales over the expected construction period using percentage of completion. The amortization is included within general and administrative expenses.

A capitalized cost to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Group determines whether there is an indication that cost to obtain a contract maybe impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgment is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, these judgments are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.



Costs and General and Administrative Expense

Costs and expenses are recognized in the consolidated statement of comprehensive income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Costs and expenses are recognized in the consolidated statement of comprehensive income:

- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- Immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the consolidated statement of financial position as an asset.

Direct operating expenses and general and administrative expenses are recognized as they are incurred.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction, or production 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 asset. 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.

Interest and other financing costs incurred during the construction period on borrowings used to finance property development are capitalized as part of development costs (included in “Subdivision land, condominium and residential units for sale”, “Property and equipment” and “Investment properties” accounts in the Group’s consolidated statement of financial position). Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

Capitalized borrowing cost is based on applicable weighted average borrowing rate for those coming from general borrowings.

All other borrowing costs are expensed in the period they occur and is recorded under “Interest expense.”

Debt Issue Costs

Transaction costs incurred in connection with the availment of long-term debt are deferred and amortized using effective interest method over the term of the related loans.

Reclassifications

In September 2019, the Philippine Interpretations Committee (PIC) issued a letter to the various organizations in the real estate industry to clarify certain issues in relation to the PFRS 15 Implementation Issues and other accounting issues affecting real estate industry. The letter includes the clarification on the conclusion of PIC Q&A 2018-12D Step 3 on the recording of contract asset for the difference between the consideration received from the customer and the transferred goods or



services to a customer. In the letter, the PIC allows for the meantime, the recording of the difference between the consideration received from the customer and the transferred goods or services to a customer as either a contract asset or unbilled receivable. If presented as contract asset, the disclosures required under PFRS 15 should be complied with. Otherwise, the disclosures required under PFRS 9 should be followed.

As a result, the Group elected to record in 2020 the difference between the consideration received from the customer and the transferred goods or services to a customer as installment contract receivables which differs from the 2019 presentation where the difference was recognized as a contract asset.

Accordingly, the affected assets and liabilities accounts as of December 31, 2019 have been reclassified to conform with the 2019 presentation of accounts. Details follow:

	December 31, 2019, as previously reported	Reclassification	December 31, 2019, as adjusted
Current assets			
Receivables (Note 8)	₱3,146,968,482	₱3,007,038,670	₱6,154,007,152
Contract assets	3,007,038,670	(3,007,038,670)	-
Noncurrent assets			
Noncurrent receivables (Note 8)	3,677,362,062	7,843,135,383	11,520,497,445
Noncurrent contract assets	7,843,135,383	(7,843,135,383)	-
	<u>₱17,674,504,597</u>	<u>₱-</u>	<u>₱17,674,504,597</u>

The reclassification did not impact the consolidated statement of cash flows for the year ended December 31, 2019.

Leases

The Group assesses whether a contract is, or contains a lease, at the inception of a contract. This assessment involves the exercise of judgment about whether it depends on a specified asset, whether the Group obtains substantially all the economic benefits from the use of the asset, whether the Group has the right to direct the use of the asset.

Group as Lessee

Except for short-term leases and leases of low-value assets, the Group recognizes a right-of-use (ROU) asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee.

Right-of-use assets

The Group recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received, and any estimated costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the remaining lease term of up to approximately 34 years.



ROU assets are subject to impairment. Refer to the accounting policies in Impairment of nonfinancial assets section.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflected the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the commencement date if the interest rate implicit to the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of office space (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Group as Lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Lease payments received are recognized as income in the consolidated statement of comprehensive income on a straight-line basis over the lease term. 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.

Leases where the Group transfers substantially all the risk and benefits of ownership of the assets are classified as finance leases. The Group recognizes assets held under a finance lease in its consolidated statement of financial position as a receivable at an amount equal to the net investment in the lease. The lease payments received from the lessee are treated as repayments of principal and finance income. Initial direct costs may include commissions, legal fees and internal costs that are incremental and directly attributable to negotiating and arranging the lease. They are included in the measurement of the net investment in the lease at inception and reflected in the calculation of the implicit interest rate. The recognition of finance income should be based on a pattern reflecting a constant periodic rate of return on the lessor's net investment outstanding in respect of the finance lease.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.



The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

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

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by the Group. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

The Group, in conjunction with the external valuers, also compares each of the changes in the fair value of each asset with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets on the basis of the nature, characteristics and risks of the asset and the level of the fair value hierarchy as explained above.



Current and Noncurrent Classification

The Group presents assets and liabilities in consolidated statement of financial position based on current/noncurrent classification. An asset is current when:

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

All other assets are classified as noncurrent.

A liability is current when:

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

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Financial Instruments - Initial Recognition and Subsequent Recognition

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15. Refer to the accounting policies in section "Revenue from contracts with customers".

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market-place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.



Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Interest income and impairment losses on reversals are recognized in the consolidated statement of income. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

As of December 31, 2020 and 2019, the Group's financial assets at amortized cost include cash and cash equivalents, receivables (except for receivables from lease-to-own arrangements), restricted cash under "Other current assets" and refundable utility deposits under "Other current and noncurrent assets".

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statement of comprehensive income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

As of December 31, 2020 and 2019, the Group's debt instruments at fair value through OCI include receivables from lease-to-own arrangements under "Receivables".



Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

As of December 31, 2020 and 2019, the Group's equity instruments at fair value through OCI presented under "Other noncurrent assets" include investment in equity instruments of affiliates under the common control of the ultimate parent company.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of comprehensive income.

As of December 31, 2020 and 2019, the Group does not have financial assets at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the consolidated statement of financial position) when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of



the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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.

Modification of Financial Assets

The Group derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the consolidated statement of comprehensive income.

Impairment of Financial Assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix for rental and accrued rent receivables and receivables from hotel operations and a vintage analysis for installment contract receivables that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For cash and cash equivalents, the Group applies the low credit risk simplification. The investments are considered to be low credit risk investments as the counterparties have investment grade ratings. It is the Group's policy to measure ECLs on such instruments on a 12-month basis based on available probabilities of defaults and loss given defaults. The Group uses the ratings published by a reputable rating agency to determine if the counterparty has investment grade rating. If there are no available ratings, the Group determines the ratings by reference to a comparable bank.



For other financial assets such as receivables from affiliated companies and utility deposits, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’.

The key inputs in the model include the Group’s definition of default and historical data of three years for the origination, maturity date and default date.

Determining the stage for impairment

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

Write-off of financial assets

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows (e.g., when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the Group has effectively exhausted all collection efforts).

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Directly attributable transaction costs are documentary stamp tax, underwriting and selling fees, regulatory filing fee and other fees.



Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of comprehensive income.

Only if the criteria in PFRS 9 are satisfied, the designation of financial liabilities at fair value through profit or loss at the initial date of recognition is allowed.

The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of comprehensive income.

As of December 31, 2020 and 2019, the Group's financial liabilities under this category include accounts payable and accrued expenses (except statutory liabilities), short-term loans, loans payable, and payable to affiliated companies and deposits from lessees which are both included under "Deposit and other current liabilities" and "Deposit and other noncurrent liabilities".

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position 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 assets and settle the liabilities simultaneously. The Group assesses that it has currently enforceable right to offset if the right is not contingent on a future event and is legally enforceable in the event of insolvency or bankruptcy of the Group and all of the counterparties.



Cash and Cash Equivalents

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

Subdivision Land, Condominium and Residential Units for Sale

Subdivision land, condominium and residential units for sale in the ordinary course of business are carried at the lower of cost and net realizable value (NRV).

Cost includes land costs, costs incurred for development and improvement of the properties (i.e., planning and design costs, costs of site preparation, contractor's fees and other professional fees, property transfer taxes, construction overheads and other related costs) and borrowing costs on loans directly attributable to the projects which were capitalized during construction. It also includes the cost of land use right (see Note 9).

Inventories that are leased out at market rates to earn revenues to partly cover for expenses on the condition that the intent to sell in the ordinary course of business has not changed are accounted and presented as inventory. The rent income from inventories that are leased out is included in other income in the consolidated statement of comprehensive income.

NRV is the estimated selling price in the ordinary course of business less cost of completion and estimated costs necessary to make the sale.

The cost of inventory recognized in the consolidated statement of comprehensive income is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Materials, Parts and Supplies

Materials, parts and supplies are valued at the lower of cost or NRV. Cost is determined using the weighted average method. NRV is the replacement cost.

An allowance for inventory losses is provided for slow-moving, obsolete and defective materials, parts and supplies based on management's physical inspection and evaluation. When inventories are sold, the cost and related allowance is removed from the account and the difference is charged against operations.

Advances to Other Companies and Advances to Contractors and Suppliers

Advances to other companies and advances to contractors and suppliers are carried at cost less impairment losses, if any.

Prepaid Expenses

Prepaid expenses pertain to resources controlled by the Group as a result of past events and from which future economic benefits are expected to flow to the Group.

With the exception of commission from residential sales, which is amortized using the percentage of completion, other prepaid expenses are amortized as incurred.

Advances to Contractors and Suppliers, Advances to Lot Owners

Advances to contractors and suppliers and advances to lot owners are carried at cost less impairment losses, if any.



Deposits

Deposits from lessees

Deposits from lessees are measured initially at fair value. After initial recognition, customers' deposits are subsequently measured at amortized cost using EIR method.

The difference between the cash received and its fair value is deferred (included in the "Deposits and other liabilities" in the consolidated statement of financial position) and amortized on a straight-line basis over the lease term.

Non-refundable deposits that are applicable against costs of services incurred or goods delivered are measured at fair value.

Value-added Tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

The net amount of VAT recoverable from the taxation authority is included as part of "Other current assets" in the consolidated statement of financial position.

Investments in Joint Ventures

Investments in joint ventures (investee companies) are accounted for under the equity method of accounting. An associate an entity in which the Group has significant influence, and which is neither a subsidiary nor a joint venture. A joint arrangement is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a joint venture is a joint arrangement that involves the establishment of a separate entity in which each venturer has an interest.

An investment is accounted for using the equity method from the day it becomes a joint venture. On acquisition of investment, the excess of the cost of investment over the investor's share in the net fair value of the investee's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill and included in the carrying amount of the investment and not amortized. Any excess of the investor's share of the net fair value of the investee's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment, and instead included in the determination of the share in the earnings of the investees.

Under the equity method, the investments in the investee companies are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share in the net assets of the investee companies, less any impairment in values. The consolidated statement of comprehensive income reflects the share of the results of the operations of the investee companies. The Group's share of post-acquisition movements in the investee's equity reserves is recognized directly in equity. Profits and losses resulting from transactions between the Group and the investee companies are eliminated to the extent of the interest in the investee companies and for unrealized losses to the extent that there is no evidence of impairment of the asset transferred. Dividends received are treated as a reduction of the carrying value of the investment.



The Group discontinues applying the equity method when their investments in investee companies are reduced to zero. Unless otherwise, additional losses are not recognized when the Group has guaranteed certain obligations of the investee companies. When the investee companies subsequently report net income, the Group will resume applying the equity method but only after its share of that net income equals the share of net losses not recognized during the period the equity method was suspended.

The reporting dates of the investee companies and the Group are identical and the investee companies' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Upon loss of significant influence over the investee companies, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in the consolidated statement of comprehensive income.

Joint Operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group recognize in relation to its interest in a joint operation its assets, including its share of any assets held jointly; liabilities, including its share of any liabilities incurred jointly; revenue from the sale of its share of the output arising from the joint operation; share of the revenue from the sale of the output by the joint operation; and expenses, including its share of any expenses incurred jointly.

The financial statements of the joint operation are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Investment Properties

Investment properties – Land, Land Improvements, Buildings and Improvements and Construction in Progress

Investment properties consist of properties that are held to earn rentals or for capital appreciation or both, and that are not occupied by the companies consolidated into the Group. Investment properties, except for land, are carried at cost less accumulated depreciation and any impairment in value. Land is carried at cost less any impairment in value. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the cost of day-to-day servicing of an investment property. Investment properties are depreciated and amortized using the straight-line method over their estimated useful lives (EUL) as follows:

	Years
Buildings	20 - 30
Building improvements	10
Land improvements	10

The useful life and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of investment properties.



Construction-in-progress (CIP) is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of investment properties are capitalized during the construction period. CIP is not depreciated until such time as the relevant assets are in the location and condition necessary for it to be capable of operating in the manner intended by management.

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.

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 the profit and loss in the period of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party. 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 sell. Transfers between investment properties, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of the property for measurement or disclosure purposes.

The Group discloses the fair values of its investment properties in accordance with PAS 40, *Investment Property*. The Group engages independent valuation specialist to assess the fair values as at December 31, 2020 and 2019. The Group's investment properties consist of land and building pertaining to land properties, retail (malls), office properties and industrial facilities. These were valued by reference to market-based evidence using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

Investment Properties – Land held for future development

Land held for future development consist of raw land held by the Group which will be developed into investment properties in the future. Land held for future development is carried at cost less any impairment in value. Transfers are made to investment properties when there is commencement of construction of commercial centers or office building on the land property. Transfers are made from land held for future development to either property and equipment or subdivision land, condominium and residential units for sale when, and only when, there is change in use, as evidenced by owner occupation or upon commencement of real estate development with a view to sell.

Land held for future development are derecognized when either they have been disposed of or when the land 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 land held for future development is recognized in the profit and loss in the period of retirement or disposal.

Fair Value Disclosure

The Group discloses the fair values of its investment properties in accordance with PAS 40. The Group engages independent valuation specialist to assess the fair values as at December 31, 2020 and 2019. The Group's investment properties consist of land and building pertaining to land properties, retail (malls), office properties and industrial facilities. These are valued by reference to market-based evidence using comparable prices adjusted for specific market factors such as nature, location and condition of the property and income approach by reference to the value of income, cash flow or cost saving generated by the asset.



Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. The cost of an item of property and equipment includes its purchase price and any cost attributable in bringing the asset to the intended location and working condition. Cost also includes interest and other charges on borrowed funds used to finance the construction of property and equipment to the extent incurred during the period of construction and installation.

Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance, are normally charged to expenses in the period in which the costs are incurred.

In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation commences once the assets are available for use and is calculated on a straight-line basis over the estimated useful life of over the EUL as follow:

	Years
Buildings	20-30
Building improvements	10
Land improvements	5
Theater furniture and equipment	5
Other equipment	2.5

Assets under construction are transferred to a specific category of property and equipment when the construction and other related activities necessary to prepare the property and equipment for their intended use are completed and the property and equipment are available for service.

Other equipment includes china, glassware, silver and linen on stock used in hotel operations.

The useful life and depreciation method are reviewed and adjusted, if appropriate, at each financial year-end to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit and loss in the period the asset is derecognized.

Impairment of Nonfinancial Assets

The Group assesses at each reporting date whether there is an indication that the Group's land held for future development, investment properties, right-of-use assets, property and equipment, investment in joint ventures and other noncurrent assets may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of an asset's or cash-generating unit's fair value less cost 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 from other assets or group of assets.



Where the carrying amount of an asset exceeds the 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 the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If any such indication exists, the Group makes an estimate of recoverable amount. 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 the recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the assets in prior periods, such reversal is recognized in the consolidated statement of comprehensive income.

The following criteria are also applied in assessing the impairment of specific assets:

Investments in Joint Ventures

After application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the investee companies. The Group determines at each reporting date whether there is any objective evidence that the investment in joint ventures is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the recoverable amount and the carrying value of the investee company and recognizes the difference in the consolidated statement of comprehensive income.

Equity

Capital stock is measured at par value for all shares issued. When the Group issues more than one capital stock, a separate account is maintained for each class of stock and the number of shares issued.

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.

Retained earnings represent accumulated earnings of the Group less dividends declared. The individual accumulated retained earnings of the subsidiaries are available for dividend distribution when they are declared by the subsidiaries as approved by their respective BOD.

Treasury Stock

Own equity instruments which are acquired (treasury stock) are recognized at cost and deducted from equity. No gain or loss is recognized in the profit and loss on the purchase, sale, issue or cancellation of the Parent Company'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 when the shares were issued and to retained earnings for the remaining balance.



Other Equity Reserve

Other equity reserve pertains to the difference between the consideration paid and the carrying value of the non-controlling interest acquired. Upon disposal of the related investment, the other equity reserve is transferred to retained earnings.

Income Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred income tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized 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 income tax assets is reviewed at each reporting date and reduced 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 asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow all as part of the deferred tax and to be recovered. The Group does not recognize deferred income tax assets that will reverse during the income tax holiday (ITH).

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year 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 income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred income tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred income tax assets and deferred income 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.

Pension Expense

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

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

Defined benefit costs comprise the following:

- Service costs
- Net interest on the net defined benefit liability or asset
- 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. These amounts are calculated periodically by independent qualified actuary.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in 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 liabilities). If the fair value of the plan assets is higher than the present value of the defined benefit liability, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.



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

Termination benefit

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee leave entitlement

Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly within twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Foreign Currencies

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.

As of the reporting date, the assets and liabilities of these subsidiaries are translated into the presentation currency of the Parent Company (the Philippine Peso) at the closing rate as at the reporting date and their statement of comprehensive income accounts are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are recognized in the consolidated statement of comprehensive income and reported as a separate component of equity as "Cumulative Translation Adjustment". On disposal of a foreign entity, the deferred cumulative amount recognized in the consolidated statement of comprehensive income relating to that particular foreign operation shall be recognized in the consolidated statement of comprehensive income.

When previously invested capital is returned to Group and there is no loss of control, the exchange difference arising from the original rate and new rate is recognized in the consolidated statement of income.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.



Translation for consolidation

On consolidation, the assets and liabilities of foreign operations are translated into Philippine Peso at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in the cumulative translation adjustment (CTA) in the consolidated statement of comprehensive income. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss when the standard permits.

Earnings Per Share (EPS)

Basic EPS is calculated by dividing net income attributable to equity holders of the Parent Company by the weighted average number of common shares outstanding during the year. Diluted EPS is computed by dividing net income attributable to equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the period after giving effect to assumed conversion of potential common shares. Calculation of dilutive EPS considers the potential ordinary shares of subsidiaries, associates and joint ventures that have dilutive effect on the basic EPS of the Parent Company. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential common shares that would have an antidilutive effect on earnings per share.

Operating Segment

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 services and serves different markets. Financial information on business segments is presented in Note 6 to the consolidated financial statements.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements but 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 are disclosed when an inflow of economic benefits is probable. However, when the realization of income is virtually certain, the related asset is not a contingent asset and will be recognized.

Events After the 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. 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 the consolidated financial statements in compliance with PFRSs requires the Group to make judgment and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change.

The effects of any change in judgments and estimates are reflected in the consolidated financial statements, as they become reasonably determinable. Actual results could differ from such estimates.

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

Judgments

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

Real estate revenue recognition upon adoption of PFRS 15

Existence of a contract

The Group's primary document for a contract with a customer is a signed contract to sell. It has determined, however, that in cases wherein contract to sell are not signed by both parties, the combination of its other duly executed and signed documentation such as reservation agreement, official receipts, buyers' computation sheets and invoices, would contain all the criteria to qualify as contract with the customer under PFRS 15.

In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history with the customer, age and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

Identifying performance obligation

In 2018, the Parent Company entered into a contract to sell covering a land upon which, site preparation will be performed prior to turnover to the buyer. The Group concluded that the revenue and cost of real estate sales should be recorded upon completion of the site preparation activities as specifically stated in the contract to sell, which is at a point in time, since there is only one performance obligation (i.e., developed land) and the Parent Company does not have a right to demand payment for work performed to date from the buyer (see Notes 21 and 30). For the years ended December 31, 2020, 2019 and 2018, no revenue has been recognized as the performance obligations under the contract to sell are ongoing.



In 2018, the Parent Company entered into contracts to sell covering parcels of raw land. The Group concluded that there is one performance obligation in these contracts, the raw land. Revenue and cost of real estate sales should be recorded upon delivery of the raw land to the respective buyers which is at a point in time (see Notes 21 and 30). Revenue and related cost of sale arising from these contract have been recorded in 2019 and 2018, respectively.

Revenue recognition method and measure of progress

For the revenue from real estate sales in the Philippines, the Group concluded that revenue is to be recognized over time because: (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date. In addition, the Group requires a certain percentage of buyer's payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Group. The Group considers that the initial and continuing investments by the buyer of about 10% on projects that are under development and construction demonstrate the buyer's commitment to pay. For certain inventories that have been fully completed and ready for occupancy, outright investment of the buyer of about 5% demonstrates the buyer's commitment to pay.

The Group has determined that input method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customers.

Principal versus agent considerations

The contract for the mall retail spaces and office spaces leased out by the Group to its tenants includes the right to charge for the electricity usage, water usage, air conditioning charges and common usage service area (CUSA) like maintenance, janitorial and security services.

For the electricity and water usage and CUSA, the Group determined that it is acting as an agent because the promise of the Group to the tenants is to arrange for the electricity and water supply to be provided by a utility company and to provide services such as maintenance, janitorial and security services. The utility and service companies, and not the real estate developer, are primary responsible for the provisioning of the utilities while the Group, administers the leased spaces and coordinates with the utility and service companies to ensure that tenants have access to these utilities. The Group does not have the discretion on the pricing of the services provided since the price is based on the actual rate charged by the utility providers.

For the provision of air conditioning, the Group acts as a principal because it retains the right to direct the service provider of air conditioning to the leased premises. The right to the services mentioned never transfers to the tenant and the Group has the discretion on how to price the air conditioning charges. However, since the Group has availed of the relief to the real estate industry by deferring the application of accounting to CUSA charges discussed in PIC Q&A No. 2018-12-H, the Group retained its current assessment and accounting for air conditioning charges.



Revenue and cost recognition

The Group's real estate sales is recognized overtime and the percentage-of-completion is determined using input method measured principally based on total actual cost of resources consumed such as materials, labor hours and actual overhead incurred over the total expected project development cost. Actual costs also include incurred costs but not yet billed which are estimated by the project engineers. Expected project development costs include costs of land, land development, building costs, professional fees, depreciation of equipment directly used in the construction, payments for permits and licenses. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts, form part of total project costs on a prospective basis and is allocated between costs of sales and real estate inventories.

Real estate revenue and cost recognition from pre-selling in Chengdu Project

In July 2018, Chengdu Xin Yao secured the license to sell the condominium units in Phase 1 of its residential development in Chengdu Xin Yao Ban Bian Jie. As of December 31, 2020 and 2019, no revenue has been recognized, and while the deposits received from buyers amounted to P22,664 million and P9,119 million, respectively.

Revenue from the sale of real estate units of Chengdu Xin Yao will be accounted for under a full accrual method (i.e., at a point in time) in the Group's consolidated financial statements. Under paragraph 35(c) of PFRS 15, "*An entity shall consider the terms of the contract, as well as any laws that apply to the contract, when evaluating whether it has an enforceable right to payment for performance completed to date in accordance with paragraph 35 (c). The right to payment for performance completed to date does not need to be for a fixed amount. However, at all times throughout the duration of the contract, the entity must be entitled to an amount that at least compensates the entity for performance completed to date if the contract is terminated by the customer or another party for reasons other than the entity's failure to perform as promised.*" Based on management's assessment, throughout the duration of the contract term, Chengdu Xin Yao is entitled to an amount that does not compensate it for performance completed to date if the contract is terminated by the buyer or another party for reasons other than Chengdu Xin Yao's failure to perform as promised.

Definition of default and credit-impaired financial assets

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria - for installment contract receivables, the customer receives a notice of cancellation and does not continue the payments.

Qualitative criteria

The customer meets 'unlikeliness to pay' criteria, which indicates the customer is in significant financial difficulty. These are instances where:

- a. The customer is experiencing financial difficulty or is insolvent
- b. The customer is in breach of financial covenant(s)
- c. An active market for that financial assets has disappeared because of financial difficulties
- d. Concessions have been granted by the Group, for economic or contractual reasons relating to the customer's financial difficulty
- e. It is becoming probable that the customer will enter bankruptcy or other financial reorganization



The criteria above have been applied to the financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) throughout the Group's expected loss calculation.

Incorporation of forward-looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

To do this, the Group considers a range of relevant forward-looking macro-economic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs. Based on the Group's evaluation and assessment and after taking into consideration external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions.

The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Group has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The Group has considered the impact of COVID-19 pandemic and to the extent applicable revised its assumptions in determining macroeconomic variables and loss rates in the ECL computation. The changes in the gross carrying amounts of receivables from the sale of real estate during the year and impact of COVID-19 did not materially affect the allowance for ECLs.

Joint Control

The Parent Company entered into various joint ventures with Shang Properties, Inc., Hong Kong Land Group, DMCI Project Developers, Inc. and DoubleDragon Properties Corp. The Parent Company considers that it has joint control over these arrangements since decisions about the relevant activities of the joint ventures require unanimous consent of the parties as provided for in the joint venture agreements and shareholders' agreements.

Determining whether it is reasonably certain that a renewal and termination option will be exercised – Group as a lessee (effective January 1, 2019)

The Group has several lease contracts that include renewal and termination options. The Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew or terminate (e.g., a change in business strategy).



The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to renew the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group did not include the option to renew nor the option to terminate the lease in the lease term as the Group assessed that it is not reasonably certain that these options will be exercised.

Operating leases commitments - Group as lessee (prior to January 1, 2019)

The Group has entered into lease contracts to develop commercial or office properties on the leased land premises. Based on an evaluation of the terms and conditions of the arrangements, all the risks and benefits incidental to ownership of the leased land are not transferred to the Group. In determining significant risks and benefits of ownership, the Group considered, among others, that there is no transfer of ownership of the asset to the lessee by the end of the lease term (see Note 34).

Operating lease commitments - Group as lessor

The Group has entered into commercial and office property leases on its investment properties portfolio. Based on an evaluation of the terms and conditions of the arrangements, the Group has determined that it retains all the significant risks and rewards of ownership of these properties and accounts for them as operating leases. 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.

A number of the Group's operating lease contracts are accounted for as noncancellable operating leases and the rest are cancellable. In determining whether a lease contract is cancellable or not, the Group considers, among others, the significance of the penalty, including the economic consequence to the lessee (see Note 34).

Finance lease commitments - Group as lessor

The Group has entered into property leases on some of its real estate condominium unit property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, particularly the bargain purchase option and minimum lease payments that the Group has transferred all the significant risks and rewards of ownership of these properties to the lessee and accounts for them as finance leases (see Note 34).

Assessment on whether lease concessions granted constitute a lease modification

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Group waived its right to collect rent and other charges as part of various lease concessions it granted to lessees such as lease payment holidays or lease payment reductions.

The Group applies judgment when assessing whether the rent concessions granted is considered a lease modification under PFRS 16.

In making this judgment, the Group determines whether the rent concessions granted has changed the scope of the lease, or the consideration thereof, that was not part of the original terms and conditions of the lease. The Group assessed that the lease concessions it granted to lessees do not qualify as lease modifications since the terms and conditions under the corresponding lease contracts have not been modified by the waiver and therefore, is not a lease modification under PFRS 16.

The rent concessions granted by the Group for the year ended December 31, 2020 amounted to ₱3,475 million.



Distinction among real estate inventories, land held for future development and investment properties

The Group determines whether a property will be classified as Real estate inventories, Land held for future development and Investment properties. In making this judgment, the Group considers whether the property will be sold in the normal operating cycle (Real estate inventories), whether it will be retained as part of the Group's strategic land banking activities for development or sale in the medium or long-term (Land held for future development) or whether it will be held to earn rentals or for capital appreciation (Investment properties). For land properties, the Group considers the purpose for which the land was acquired.

Recognition of deferred tax assets

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences can be utilized. Significant management estimate is required to determine the amount of deferred tax asset that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning. Deferred tax assets recognized as of December 31, 2020 and 2019 amounted to ₱1,128 million and ₱873 million, respectively (see Note 27).

The Group has deductible temporary difference that is available for offset against taxable income or tax payable which deferred tax asset has not been recognized. This pertains to NOLCO of subsidiaries amounting to ₱9 million as of December 31, 2020 and 2019, respectively. The related deferred tax assets amounted to ₱3 million as of December 31, 2020 and 2019 (see Note 27).

Contingencies

The Group is currently involved in various legal proceedings in the ordinary course of business. The estimate of the probable costs for the resolution of these claims has been developed in consultation with the internal and external counsel handling the defense on these matters and is based upon an analysis and judgment of potential results by the management. The Group currently does not believe these proceedings will have a material effect on the Group's financial position. It is possible, that future results of operations could be materially affected by changes in the judgment or in the effectiveness of the strategies relating to these proceedings (see Note 34).

Judgments made in determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates applying paragraph 122 of PAS 1, Presentation of Financial Statements

Upon adoption of the Interpretation, the Group has assessed whether it has any uncertain tax position. The Group applies significant judgment in identifying uncertainties over its income tax treatments. The Group determined, based on its assessment, in consultation with its tax counsel, that it is probable that its uncertain income tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities.

Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities 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 and cost from real estate where performance obligation is satisfied over time and recognized based on the percentage of completion is measured principally on the basis of the estimated completion by reference to the actual costs incurred to date over the estimated total costs of the project. For the years ended December 31, 2020, 2019 and 2018, the real estate sales recognized over time amounted



to ₱11,718 million, ₱8,708 million and ₱8,345 million, respectively, while the related cost of real estate sales amounted to ₱6,149 million, ₱4,150 million and ₱4,533 million, respectively.

The Group also recognized revenue when control is passed on a certain point in time. The Group's revenue and cost of real estate sales were recognized upon transfer of control to the buyer. Real estate sales pertaining to this transaction amounted to ₱132 million, ₱321 million and ₱2,547 million for the years ended December 31, 2020, 2019 and 2018, respectively. The related cost of sales amounted to ₱12 million, ₱85 million and ₱398 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Fair value of financial instruments

When the fair values of financial assets and financial liabilities recorded or disclosed 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 their fair values by using the discounted cash flow methodology.

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables other than installment contract receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information such as inflation and dollar index rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The Group uses vintage analysis approach to calculate ECLs for installment contract receivables. The vintage analysis accounts for expected losses by calculating the cumulative loss rates of a given loan pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the PD model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

The assessment of the correlation between historical observed default rates, forecast economic conditions (inflation and interest rates) and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The changes in the gross carrying amounts of receivables from the sale of real estate during the period and impact of COVID-19 did not materially affect the allowance for ECLs.

The carrying value of trade receivables as of December 31, 2020 and 2019 amounted to ₱20,620 million and ₱15,567 million, respectively (see Note 8). The carrying value of installment contract receivables as of December 31, 2020 and 2019 amounted to ₱15,891 million and ₱12,163 million, respectively (see Note 8).



Evaluation of net realizable value of real estate inventories

The Group adjusts the cost of its real estate inventories to net realizable value based on its assessment of the recoverability of the inventories. NRV for completed real estate inventories is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group in light of recent market transactions. NRV in respect of real estate inventories under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less estimated costs to sell. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

In line with the impact of COVID-19, the Group experienced limited selling activities that resulted to lower sales in 2020. In evaluating NRV, recent market conditions and current market prices have been considered (see Note 9).

As of December 31, 2020 and 2019, the Group's subdivision land, condominium and residential units for sale amounted to ₱41,252 million and ₱36,063 million, respectively (see Note 9).

Estimation of useful lives of property and equipment and investment properties

The Group estimates the useful lives of its depreciable property and equipment and investment properties based on the period over which the assets are expected to be available for use. The EUL of the said depreciable assets 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 assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the EUL of the depreciable property and equipment and investment properties would increase depreciation expense and decrease noncurrent assets.

The carrying value of depreciable property and equipment as of December 31, 2020 and 2019 amounted to ₱8,508 million and ₱8,897 million, respectively (see Note 12). The carrying value of depreciable investment properties as of December 31, 2020 and 2019 amounted to ₱57,850 million and ₱58,717 million, respectively (see Note 11).

Impairment of nonfinancial assets

The Group assesses impairment on its nonfinancial assets (i.e., investment properties, property and equipment, right-of-use assets, other noncurrent assets and investment in joint ventures) and considers the following important indicators:

- 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

If such indications are present and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The fair value less costs of disposal is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the nonfinancial assets. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. 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 the carrying amount of the assets.

In view of the continuing community quarantines and restricted travel, the Group's hotels and resorts segment continues to be adversely affected by the lower number of guests and reduced room rates, both of which have significantly impacted the revenues reported for this segment. Also, many restaurants remain closed or allowed limited operations which impacted the food and beverage revenues of the segment. In addition, because of the coronavirus pandemic, there is the heightened level of uncertainty on the future economic outlook and market forecast. These events and conditions are impairment indicators requiring the assessment of the recoverable amount of the property and equipment and right-of-use assets.

The Group estimates the recoverable amount through value in use. In determining the present value of estimated future cash flows expected to be generated from the continued use of these assets of the hotels and resorts segment, the Group is required to make estimates and assumptions that may affect the nonfinancial assets. The significant assumptions used in the valuation are discount rates of 8.847% with an average growth rate of 3.000%. The Group also considered in its assumptions the impact of the COVID-19 pandemic on the occupancy rate and room rates which are not expected to normalize soon.

The carrying values of the Group's nonfinancial assets as of December 31, 2020 and 2019 are disclosed below. No impairment was recognized for the Group's nonfinancial assets.

	2020	2019
Investment properties (Note 11)	₱109,418,090,261	₱103,799,140,203
Property and equipment (Note 12)	8,507,694,022	8,896,623,535
Investments in joint venture (Note 30)	2,372,704,894	2,350,181,648
Right-of-use assets (Note 34)	1,112,302,766	1,171,733,998
Other noncurrent assets* (Note 13)	6,184,587,808	4,297,855,641
	₱127,595,379,751	₱120,515,535,025

*Excluding utility deposits and financial assets at fair value through OCI

Pension cost

The determination of the obligation and cost of pension benefits is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions include, among others, discount rates and salary increase rates (see Note 29).

The cost of defined benefit pension plan and the present value of the pension liabilities are determined using actuarial valuations. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit liability. Future salary increases are based on expected future inflation rates and other relevant factors.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Philippine government bonds with terms consistent with the expected employee benefit payout as of reporting date.



As of December 31, 2020 and 2019, the Group's net pension liabilities amounted to ₱666 million and ₱361 million, respectively (see Note 29).

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

The Group's lease liabilities amounted to ₱1,977 million and ₱1,936 million as of December 31, 2020 and 2019, respectively (see Note 34).

6. Operating Segments

Business Segments

The business segment is determined as the primary segment reporting format as the Group's risks and rates of return are affected predominantly by each operating segment.

Management monitors the operating results of its operating segments separately for the purpose of making decision about resource allocation and performance assessment. Group financing (including interest income and interest expense) and income taxes are managed on a group basis and are not allocated to operating segments. The Group evaluates performance based on earnings before interest, income tax, depreciation and other income (losses) (EBITDA).

The Group does not report its results based on geographical segments because the Group currently only has revenue generating activities in the Philippines as revenue recognition from the real estate development in China will commence upon completion of development activities and when the property is accepted by the customer or deemed as accepted according to the contract.

The financial information on the operations of these business segments as shown below are based on the measurement principles that are similar with those used in measuring the assets, liabilities, income and expenses in the consolidated financial statements which is in accordance with PFRSs except for EBITDA.

Cost and expenses exclude interest, taxes and depreciation.

The Group derives its revenue from the following reportable units:

Commercial Centers Division - develops, leases and manages shopping malls/commercial centers all over the Philippines.

Residential Division - develops and sells residential condominium units, as well as horizontal residential projects.

Office Buildings Division - develops and leases out office spaces.



Hotels and Resorts Division - owns and operates a chain of hotels in various locations in the Philippines.

Industrial and Integrated Developments Division - focuses on strategic land bank acquisition and management, exploration of real estate-related infrastructure projects, development of and leasing of warehouse and logistics facilities.

The financial information about the operations of these business segments is summarized as follows:

	2020						
	Commercial Centers Division	Residential Division	Office Buildings Division	Hotels and Resorts Division	Industrial and Integrated Developments	Intersegment Eliminating Adjustments	Consolidated
Revenue							
Segment revenue:							
Revenues from contracts with customers	₱218,910,438	₱11,717,577,404	₱-	₱1,083,317,112	₱132,606,872	₱-	₱13,152,411,826
Rental income	5,588,494,038	76,771,895	4,690,014,553	-	261,807,783	-	10,617,088,269
Other income	149,196,397	330,853,099	1,154,994,555	-	282,388	-	1,635,326,439
Intersegment revenue	31,121,619	-	1,014,200	848,743	-	(32,984,562)	-
Total Revenue	5,987,722,492	12,125,202,398	5,846,023,308	1,084,165,855	394,697,043	(32,984,562)	25,404,826,534
Costs and expenses							
Segment costs and expenses	1,842,822,901	8,040,085,187	761,809,340	930,013,801	151,531,374	-	11,726,262,603
Intersegment costs and expenses	8,895,013	37,542,232	(27,710,193)	11,828,241	2,429,269	(32,984,562)	-
Total Costs and expenses	1,851,717,914	8,077,627,419	734,099,147	941,842,042	153,960,643	(32,984,562)	11,726,262,603
Earnings before interest, taxes and depreciation	4,136,004,578	4,047,574,979	5,111,924,161	142,323,813	240,736,400	-	13,678,563,931
Depreciation and amortization (Notes 22 and 24)	3,711,870,206	97,763,190	903,746,743	417,760,276	53,558,465	-	5,184,698,880
Operating income	₱424,134,372	₱3,949,811,789	₱4,208,177,418	(₱275,436,463)	₱187,177,935	₱-	₱8,493,865,051
Assets and Liabilities							
Segment assets	₱77,606,552,979	₱77,599,188,022	₱28,489,598,894	₱10,031,375,412	₱21,474,009,750	₱-	₱215,200,725,057
Investment in subsidiaries - at cost	7,306,629,643	-	497,250,000	25,500,000	794,000,000	(8,623,379,643)	-
Total segment assets	₱84,913,182,622	₱77,599,188,022	₱28,986,848,894	₱10,056,875,412	₱22,268,009,750	(₱8,623,379,643)	₱215,200,725,057
Total segment liabilities	₱67,661,325,893	₱35,155,742,510	₱4,582,052,082	₱1,052,439,463	₱4,031,133,474	₱-	₱112,482,693,422
Other segment information:							
Capital additions (Notes 11 and 12)							₱11,154,452,396
Additions to subdivision land, condominium and residential units for sale (Note 9)							₱9,171,932,407
Cash flows from:							
Operating activities	(₱640,961,680)	₱6,766,322,760	₱4,717,498,517	₱689,167,678	₱1,146,496,736	₱-	₱12,678,524,011
Investing activities	(5,713,330,980)	153,478,760	(4,723,605,979)	(872,124,893)	(1,134,175,088)	-	(12,289,758,180)
Financing activities	6,422,194,762	112,113,970	10,452,547	2,037,073	8,256,078	-	6,555,054,430
2019							
	Commercial Centers Division	Residential Division	Office Buildings Division	Hotels and Resorts Division	Industrial and Integrated Developments	Intersegment Eliminating Adjustments	Consolidated
Revenue							
Segment revenue:							
Revenues from contracts with customers	₱2,151,785,393	₱8,708,003,578	₱-	₱2,432,639,988	₱320,940,495	₱-	₱13,613,369,454
Rental income	10,812,598,105	100,976,731	4,369,279,039	-	137,645,380	-	15,420,499,255
Other income	284,687,409	318,779,532	946,142,007	-	357,908	-	1,549,966,856
Intersegment revenue	43,217,951	-	496,000	2,537,052	-	(46,251,003)	-
Total Revenue	13,292,288,858	9,127,759,841	5,315,917,046	2,435,177,040	458,943,783	(46,251,003)	30,583,835,565
Costs and expenses							
Segment costs and expenses	4,427,161,923	6,199,429,618	756,306,859	1,730,215,872	221,280,013	-	13,334,394,285
Intersegment costs and expenses	496,000	43,217,951	(7,555,220)	10,092,272	-	(46,251,003)	-
Total Costs and expenses	4,427,657,923	6,242,647,569	748,751,639	1,740,308,144	221,280,013	(46,251,003)	13,334,394,285
Earnings before interest, taxes and depreciation	8,864,630,935	2,885,112,272	4,567,165,407	694,868,896	237,663,770	-	17,249,441,280
Depreciation and amortization (Notes 22 and 24)	3,652,030,906	95,074,282	833,893,624	359,372,389	26,174,214	-	4,966,545,415
Operating income	₱5,212,600,029	₱2,790,037,990	₱3,733,271,783	₱335,496,507	₱211,489,556	₱-	₱12,282,895,865
Assets and Liabilities							
Segment assets	₱73,472,525,100	₱59,962,694,934	₱24,309,288,716	₱10,194,629,208	₱21,712,071,803	₱-	₱189,651,209,761
Investment in subsidiaries - at cost	10,910,909,370	-	165,750,000	25,500,000	780,000,000	(11,882,159,370)	-
Total segment assets	₱84,383,434,470	₱59,962,694,934	₱24,475,038,716	₱10,220,129,208	₱22,492,071,803	(₱11,882,159,370)	₱189,651,209,761
Total segment liabilities	₱58,335,790,786	₱20,717,183,095	₱4,534,903,265	₱1,325,361,503	₱4,660,300,634	₱-	₱89,573,539,283
Other segment information:							
Capital additions (Notes 11 and 12)							₱11,444,282,141
Additions to subdivision land, condominium and residential units for sale (Note 9)							₱8,746,295,175
Cash flows from:							
Operating activities	₱9,326,112,683	₱5,506,243,970	₱3,690,293,288	₱264,036,093	(₱656,455,081)	₱-	₱18,130,230,953
Investing activities	(4,841,728,095)	(3,186,979,630)	(4,043,094,712)	(1,920,539,197)	(1,666,262,134)	-	(15,658,603,768)
Financing activities	(4,545,991,517)	1,832,092,728	680,285,494	1,833,618,329	2,244,965,477	-	2,044,970,511



	2018							
	Commercial Centers Division	Residential Division	Office Buildings Division	Hotels and Resorts Division	Industrial and Integrated Developments	Intersegment Eliminating Adjustments		Consolidated
Revenue								
Segment revenue:								
Revenues from contracts with customers	₱1,972,527,785	₱8,345,617,524	₱-	₱1,982,137,914	₱2,546,767,437	₱-		₱14,847,050,660
Rental income	9,764,937,175	113,115,164	3,535,276,772	-	134,875,097	-		13,548,204,208
Other income	202,813,085	202,711,808	757,721,885	-	(18,996)	-		1,163,227,782
Intersegment revenue	42,846,948	-	-	2,471,781	-	(45,318,729)		-
Total Revenue	11,983,124,993	8,661,444,496	4,292,998,657	1,984,609,695	2,681,623,538	(45,318,729)		29,558,482,650
Costs and expenses								
Segment costs and expenses	4,274,831,274	6,478,178,974	532,882,081	1,308,642,999	613,677,160	-		13,208,212,488
Intersegment costs and expenses	-	42,846,948	(5,438,907)	7,910,688	-	(45,318,729)		-
Total Costs and expenses	4,274,831,274	6,521,025,922	527,443,174	1,316,553,687	613,677,160	(45,318,729)		13,208,212,488
Earnings before interest, taxes and depreciation	7,708,293,719	2,140,418,574	3,765,555,483	668,056,008	2,067,946,378	-		16,350,270,162
Depreciation (Notes 24 and 26)	3,420,651,538	81,030,767	693,501,790	248,237,776	13,310,774	-		4,456,732,645
Operating income	₱4,287,642,181	₱2,059,387,807	₱3,072,053,693	₱419,818,232	₱2,054,635,604	₱-		₱11,893,537,517
Assets and Liabilities								
Segment assets	₱73,959,589,978	₱53,680,024,065	₱19,462,199,172	₱7,881,486,731	₱19,174,860,339	₱-		₱174,158,160,285
Investment in subsidiaries - at cost	11,486,832,946	-	-	25,500,000	780,000,000	(12,292,332,946)		-
Total segment assets	₱85,446,422,924	₱53,680,024,065	₱19,462,199,172	₱7,906,986,731	₱19,954,860,339	(₱12,292,332,946)		₱174,158,160,285
Total segment liabilities	₱49,605,728,995	₱20,608,010,769	₱3,655,455,825	₱1,166,561,653	₱5,202,686,538	₱-		₱80,238,443,780
Other segment information:								
Capital additions (Notes 11 and 12)								₱13,444,918,877
Additions to subdivision land, condominium and residential units for sale (Note 9)								₱5,868,091,167
Cash flows from:								
Operating activities	₱9,325,467,987	(₱91,578,957)	₱3,550,353,853	₱720,903,816	(₱215,138,751)	₱-		₱13,290,007,948
Investing activities	(9,838,247,513)	(2,710,192,203)	(2,493,308,706)	(2,217,625,037)	26,928,203	-		(17,232,445,256)
Financing activities	946,746,362	2,720,437,095	(1,046,865,599)	1,507,780,576	282,725,178	-		4,410,823,612

The revenue of the Group consists of sales to domestic customers. Inter-segment revenue accounted for under PFRSs arising from lease arrangements amounting ₱33 million, ₱46 million and ₱45 million for the years ended December 31, 2020, 2019 and 2018, respectively, are eliminated in consolidation. The Group generally account for inter-segment sales and transfers on an arm's length prices or at current market prices.

The carrying amount of assets located outside the Philippines amounted to ₱32,444 million and ₱21,715 million as of December 31, 2020 and 2019, respectively.

No operating segments have been aggregated to form the above reportable segments. Capital additions consist of additions to "Investment properties" and "Property and equipment".

Significant customers in lease arrangements include the affiliated entities (see Note 20). Rental income arising from the lease of commercial properties to affiliated companies which are not part of the Group and therefore not eliminated amounted to ₱2,103 million, ₱2,997 million and ₱2,787 million for the years ended December 31, 2020, 2019 and 2018, respectively.

For the years ended December 31, 2020, 2019 and 2018, there are no revenue transactions with a single external customer which accounted 10% or more of the consolidated revenue from external customers. The main revenues of the Group are substantially earned from the Philippines.

The following table shows a reconciliation of the total EBITDA to total income before income tax:

	December 31		
	2020	2019	2018
EBITDA	₱13,678,563,931	₱17,249,441,280	₱16,350,270,162
Depreciation and amortization (Notes 22 and 24)	(5,184,698,880)	(4,966,545,415)	(4,456,732,645)
Other losses – net	(1,487,600,935)	(776,112,102)	(650,505,921)
Income before income tax	₱7,006,264,116	₱11,506,783,763	₱11,243,031,596



Except for the impact of COVID-19 pandemic to the operating results of the Group starting March 2020, there are no other trends or events or uncertainties that have had or that are reasonably expected to have a material impact on revenues or income from continuing operations.

7. Cash and Cash Equivalents

This account consists of:

	2020	2019
Cash on hand and in banks	₱1,108,520,005	₱6,338,788,195
Short-term investments (Notes 16 and 20)	12,895,738,779	721,650,328
	₱14,004,258,784	₱7,060,438,523

Cash in banks earn annual interest at the prevailing bank deposit rates. Short-term investments are invested for varying periods of up to three (3) months and earn interest at the prevailing short-term investment rates ranging from 1.13% to 3.75%, 1.00% to 3.50% and 0.20% to 3.90% for the years ended December 31, 2020, 2019 and 2018, respectively.

Interest earned from cash in banks and short-term investments for the years ended December 31, 2020, 2019 and 2018 amounted to ₱239 million, ₱287 million, and ₱157 million, respectively (see Note 26).

The cash and cash equivalents as of December 31, 2020 and 2019 are free to meet the immediate cash requirements of the Group (see Note 10).

8. Receivables

This account consists of:

	2020	2019 (As restated - see Note 4)
Trade		
Installment contract receivables - at amortized cost	₱14,960,310,062	₱11,173,387,274
Installment contract receivables - at FVOCI	931,573,340	990,081,179
Rental receivables (Note 20)	2,625,743,652	1,022,641,161
Accrued rent receivables	1,834,791,308	1,672,789,954
Hotel operations	267,686,252	708,232,304
	20,620,104,614	15,567,131,872
Affiliated companies (Note 20)	1,029,848,891	1,355,316,367
Others		
Receivable from insurance	516,821,913	549,764,921
Receivable from condominium corporations	232,470,481	163,242,405
Advances to officers and employees	66,734,411	58,583,438
Others	38,604,580	28,142,195
	22,504,584,890	17,722,181,198
Less allowance for impairment losses	212,927,700	47,676,601
	22,291,657,190	17,674,504,597
Less noncurrent portion	7,861,430,860	11,520,497,445
	₱14,430,226,330	₱6,154,007,152



Installment contract receivables consist of accounts collectible in monthly installments over a period of one (1) to ten (10) years. These are carried at amortized cost, except for receivables from lease-to-own arrangements which are carried at fair value through OCI. The title of the real estate property, which is the subject of the installment contract receivable due beyond 12 months, passes to the buyer once the receivable is fully paid.

Rental receivables from affiliated companies included under 'Rental receivables' amounted to ₱262 million and ₱124 million as of December 31, 2020 and 2019, respectively (see Note 20).

Accrued rent receivables represent the portion of the lease as a consequence of recognizing income on a straight-line basis. As of December 31, 2020 and 2019, the noncurrent portion of accrued rent receivable amounted to ₱1,821 million and ₱1,659 million, respectively.

Receivables from hotel operations pertain to unpaid customer billings for charges from room accommodations, sale of food and beverage and other ancillary services. These are normally collectible within 30 to 90 days.

Receivable from affiliates represent advances made by the Parent Company in accordance with joint venture agreements (see Note 20).

Receivable from insurance consist of claims made by the Group for losses incurred related to its investment properties.

Receivable from condominium corporations pertain mostly to reimbursements for utilities paid by the Parent Company.

The receivables from officers and employees are advances related to conduct of business activities subject to liquidation and for personal loans which are collected through salary deduction.

Other receivables consist primarily of advances to brokers, interest receivable and advances to SSS.

Movements in the allowance for impairment losses on trade receivables in 2020 follow:

	Rental Receivables	Hotels Operations	Installment Contract Receivables	Total
Balances at January 1, 2020	₱13,905,027	₱14,771,574	₱19,000,000	₱47,676,601
Provision (Notes 23, 31 and 36)	176,243,695	3,778,978	-	180,022,673
Write-off	-	(14,771,574)	-	(14,771,574)
Balances at December 31, 2020	₱190,148,722	₱3,778,978	₱19,000,000	₱212,927,700

There is no movement in the allowance for impairment losses on trade receivables in 2019.



Aging Analysis

The aging analysis of the Group's receivables follows:

	December 31, 2020						
	Total	Neither Past Due nor Impaired	Past Due But Not Impaired				Past Due and Impaired
			Less than 30 days	30 to 60 days	61 to 90 days	Over 90 days	
Trade receivables							
Installment contract receivables - at amortized cost	₱14,960,310,062	₱12,806,030,730	₱302,529,645	₱205,833,712	₱116,588,117	₱1,510,327,858	₱19,000,000
Installment contract receivables - at FVOCI	931,573,340	787,496,740	17,377,240	13,013,885	8,523,429	105,162,046	—
Rental receivables (Note 20)	2,625,743,652	567,028,167	259,712,766	254,074,368	201,826,180	1,152,953,449	190,148,722
Accrued rent receivables	1,834,791,308	1,834,791,308	—	—	—	—	—
Hotel operations	267,686,252	64,245,015	86,314,912	9,849,385	3,274,604	100,223,358	3,778,978
Affiliated companies (Note 20)	1,029,848,891	1,029,848,891	—	—	—	—	—
Others	854,631,385	854,631,385	—	—	—	—	—
	₱22,504,584,890	₱17,944,072,236	₱665,934,563	₱482,771,350	₱330,212,330	₱2,868,666,711	₱212,927,700

	December 31, 2019						
	Total	Neither Past Due nor Impaired	Past Due But Not Impaired				Past Due and Impaired
			Less than 30 days	30 to 60 days	61 to 90 days	Over 90 days	
Trade receivables							
Installment contract receivables - at amortized cost	₱11,173,387,274	₱10,850,174,053	₱57,422,900	₱21,562,826	₱47,341,381	₱177,886,114	₱19,000,000
Installment contract receivables - at FVOCI	990,081,179	963,112,977	4,443,941	2,472,133	3,720,782	16,331,346	—
Rental receivables (Note 20)	1,022,641,161	269,344,986	160,109,276	60,412,107	26,936,664	491,933,101	13,905,027
Accrued rent receivables	1,672,789,954	1,672,789,954	—	—	—	—	—
Hotel operations	708,232,304	506,461,162	69,831,288	31,010,457	19,885,001	66,272,822	14,771,574
Affiliated companies (Note 20)	1,355,316,367	1,355,316,367	—	—	—	—	—
Others	799,732,959	799,732,959	—	—	—	—	—
	₱17,722,181,198	₱16,416,932,458	₱291,807,405	₱115,457,523	₱97,883,828	₱752,423,383	₱47,676,601

A summary of the movements in the installment contract receivables - at FVOCI of the Group is as follows:

	2020	2019
Beginning balance	₱990,081,179	₱785,221,675
Additions	—	106,015,840
Collections	(27,305,750)	—
Fair value adjustment - other comprehensive income	(31,202,089)	98,843,664
Ending balance	₱931,573,340	₱990,081,179

The changes in the fair value of the installment contract receivables at FVOCI (net of tax) in 2020, 2019 and 2018 amounted to ₱22 million, ₱69 million and ₱9 million, respectively.

On March 25, 2020, Republic Act No. 11469, otherwise known as the Bayanihan to Heal as One Act ("Bayanihan 1 Act") was enacted. Bayanihan 1 Act provides that all covered institutions shall implement a 30-day grace period for all loans with principal and/or interest and lease amortization falling due within the ECQ Period without incurring interest on interest, penalties, fees and other charges. Subsequently, on September 11, 2020, Republic Act No. 11494, otherwise known as the



Bayanihan to Recover as One Act (“Bayanihan 2 Act”), was enacted. Under Bayanihan 2 Act, a one-time 60-day grace period is granted for the payment of all existing, current and outstanding loans falling due, or any part thereof, on or before December 31, 2020, without incurring interest on interests, penalties, fees, or other charges and thereby extending the maturity of the said loans. Furthermore, a minimum 30-day grace period shall also be granted by covered institutions to all payments due within the period of community quarantine on rent and utility-related expenditures without incurring penalties, interest and other charges.

In 2020, the Group, provided reliefs under Bayanihan 1 Act and Bayanihan 2 Act, which offered financial reliefs to its borrowers/counterparties as a response to the effect of the COVID-19 pandemic. These relief measures included the restructuring of existing receivables including extension of payment terms.

Based on the Group’s assessment, the modifications in the contractual cash flows as a result of the above reliefs are not substantial and therefore do not result in the derecognition of the affected financial assets.

As of December 31, 2020 and 2019, nominal amounts of trade receivables from residential, commercial and office development totaling ₱14,960 million and ₱11,173 million, respectively, were recorded initially at fair value. The fair values of the receivables were obtained by discounting future cash flows using the applicable rates of similar types of instruments.

Movements in the unamortized discount of the Group’s receivables as of December 31, 2020 and 2019 follow:

	2020	2019
Balance at beginning of year	₱11,173,387,274	₱10,225,600,569
Additions during the year	3,919,965,199	1,044,452,555
Accretion for the year (Note 21)	(133,042,411)	(96,665,850)
Balance at end of year	₱14,960,310,062	₱11,173,387,274

9. Subdivision Land, Condominium and Residential Units for Sale

This account consists of:

	2020	2019
Land use right and development cost	₱18,662,662,664	₱15,888,472,944
Land and condominium units	11,614,894,462	14,087,963,035
Residential units and subdivision land	3,403,756,340	3,793,355,987
Land held for development	7,570,587,954	2,293,105,421
	₱41,251,901,420	₱36,062,897,387

The subdivision land, condominium and residential units for sale are carried at cost.



A summary of the movement in inventory is set out below:

	2020	2019
Beginning balance	₱36,062,897,387	₱31,464,454,298
Construction and development costs incurred	9,171,932,407	8,723,176,262
Land acquisition (Note 10)	1,341,648,000	-
Transfers (to) / from		
Investment properties (Note 11)	824,173,445	317,625,677
Property and equipment (Note 12)	-	(131,903,733)
Unrealized land cost (sale to SRPI) (Note 20)	12,485,722	(75,129,954)
Cost of real estate sales (Note 22)	(6,161,235,541)	(4,235,325,163)
	₱41,251,901,420	₱36,062,897,387

Borrowing cost capitalized amounted to ₱304 million, ₱486 million and ₱548 million for the years ended December 31, 2020, 2019 and 2018, respectively. The capitalization rate used to determine the amount of borrowing costs eligible for capitalization in 2020, 2019 and 2018 is 4.54%, 4.59% and 4.50%, respectively. These amounts were included in the construction and development costs incurred (see Note 16).

The amount of subdivision land, condominium and residential units for sale recognized as cost of real estate sales in the consolidated statements of comprehensive income amounted to ₱6,161 million, ₱4,235 million and ₱4,931 million for the years ended December 31, 2020, 2019 and 2018, respectively (see Note 22).

On October 20, 2015, the Chinese government awarded the Contract for Assignment of the Rights to the Use of State-Owned Land (the Contract) to the Group. In May 2016, the Masterplan had been completed and was submitted for approval to the Chinese government in the same month. The Chinese government approved the Masterplan in the first quarter of 2017 and construction activities have commenced (recognized as land use right and development cost).

Under the Contract, the Group is entitled to transfer, lease, mortgage all or part of the state-owned construction land use right to a third party. Upon receipt of the Certificate of State-owned Land Use Right Assignment, the land title will be subdivided into Individual Property Titles which will be issued to unit owners one year after completion of the development and turn-over of the units to the buyers. When all or part of the state-owned construction land use right is transferred, through sale of commercial units and high-rise condominium units to buyers, the rights and obligations specified in the Contract and in the land registration documents shall be transferred accordingly to the buyer. The use term will be the remaining years as of the date of transfer based on the original use term specified in the Contract.

When the use term under the Contract expires (residential: 70 years and commercial: 40 years) and the land user continues using the assigned land under the Contract, an application for renewal shall be submitted to the Chinese government not less than one (1) year prior to the expiration of the use term.

The land use right amounting to ₱10,221 million as at December 31, 2018 is pledged as security to the Renminbi (RMB) 216 million (₱1,651 million) loan from Agricultural Bank of China (Note 18). The said loan was fully paid in December 2019. No subdivision land, condominium and residential units for sale were pledged as security to liabilities as of December 31, 2020.



10. Other Current Assets

This account consists of:

	2020	2019
Restricted cash	¥4,006,791,007	¥2,533,017,832
Prepaid expenses (Note 23)	1,926,648,491	1,023,727,774
Input VAT - net	1,623,017,384	578,174,256
Advances to suppliers and contractors	1,327,955,054	1,140,769,746
Advances to lot owners	331,941,593	2,142,570,836
Supplies	38,404,355	69,613,798
Utility deposits (Notes 31 and 32)	8,719,131	8,417,364
Others	3,426,503	5,488,204
	¥9,266,903,518	¥7,501,779,810

Restricted cash includes the deposits in local banks for the purchase of land and deposits of buyers of Chengdu Xin Yao which will mainly be used for construction of real estate inventories (see Note 9).

Prepaid expenses consist mainly of prepayments for taxes and insurance and cost to obtain contract in relation to the Group's real estate sales. The cost to obtain contracts which include prepaid commissions and advances to brokers/agents amounted to ¥115 million and ¥106 million as of December 31, 2020 and 2019, respectively.

Input VAT - net of output VAT can be applied against future output VAT.

Advances to suppliers and contractors consist of advance payment for the construction of residential projects. These are recouped from billings which are expected to occur in a short period of time.

Advances to lot owners consist of advance payments to landowners which shall be applied against the acquisition cost of the real estate properties.

Supplies consist mainly of office and maintenance materials.

Utility deposits consist primarily of bid bonds and meter deposits.

Others consists of advances and reserve funds.



11. Investment Properties

A summary of the movement in the investment properties is set out below:

	December 31, 2020					
	Land Held for Future Development	Land	Land Improvements	Buildings and Improvements	Construction In Progress	Total
Cost						
Balances at January 1, 2020	₱21,178,572,184	₱16,931,290,519	₱362,672,459	₱94,031,313,016	₱6,972,679,469	₱139,476,527,647
Additions	1,558,318,656	5,634,309	10,958,455	1,453,440,806	7,145,187,166	10,173,539,392
Reclassification and transfers - net (Notes 9 and 12)	(744,301,751)	(232,527,571)	86,482,575	2,032,469,976	(1,247,062,454)	(104,939,225)
Balances at December 31, 2020	21,992,589,089	16,704,397,257	460,113,489	97,517,223,798	12,870,804,181	149,545,127,814
Accumulated Depreciation						
Balances at January 1, 2020	–	–	178,910,574	35,498,476,870	–	35,677,387,444
Depreciation (Notes 22 and 24)	–	–	28,039,744	4,267,814,819	–	4,295,854,563
Reclassification and transfers	–	–	–	153,795,546	–	153,795,546
Balances at December 31, 2020	–	–	206,950,318	39,920,087,235	–	40,127,037,553
Net Book Value	₱21,992,589,089	₱16,704,397,257	₱253,163,171	₱57,597,136,563	₱12,870,804,181	₱109,418,090,261

	December 31, 2019					
	Land Held for Future Development	Land	Land Improvements	Buildings and Improvements	Construction In Progress	Total
Cost						
Balances at January 1, 2019	₱21,644,110,051	₱16,401,461,680	₱371,698,367	₱86,699,272,436	₱6,314,587,588	₱131,431,130,122
Additions	69,276,337	498,975,069	33,384,747	2,754,948,866	6,355,317,188	9,711,902,207
Retirement/disposal	–	(100,000,000)	(1,370,033)	(1,106,358,267)	(39,590,100)	(1,247,318,400)
Reclassification and transfers - net (Notes 9 and 12)	(534,814,204)	130,853,770	(41,040,622)	5,683,449,981	(5,657,635,207)	(419,186,282)
Balances at December 31, 2019	21,178,572,184	16,931,290,519	362,672,459	94,031,313,016	6,972,679,469	139,476,527,647
Accumulated Depreciation						
Balances at January 1, 2019	–	–	153,490,503	31,960,543,792	–	32,114,034,295
Effect of adoption of PFRS 16	–	–	–	29,922,064	–	29,922,064
Balances at January 1, 2019, as restated	–	–	153,490,503	31,990,465,856	–	32,143,956,359
Depreciation (Notes 22 and 24)	–	–	26,209,217	3,997,156,833	–	4,023,366,050
Retirement/disposal	–	–	(789,146)	(414,556,318)	–	(415,345,464)
Reclassification and transfers	–	–	–	(74,589,501)	–	(74,589,501)
Balances at December 31, 2019	–	–	178,910,574	35,498,476,870	–	35,677,387,444
Net Book Value	₱21,178,572,184	₱16,931,290,519	₱183,761,885	₱58,532,836,146	₱6,972,679,469	₱103,799,140,203

Investment properties consist mainly of shopping malls/commercial centers, office buildings and industrial facilities that are held to earn rentals. Land held for future development pertains to land held for capital appreciation and land banking activities for development.

In 2019, retirement of investment properties includes the derecognition of investment properties of APVI resulting from deconsolidation (see Note 2).

The construction in progress items reclassified to their respective asset accounts in 2020 and 2019 amounted to ₱1,247 million and ₱5,658 million, respectively. The reclassifications in 2020 represent office buildings in Davao and Luisita. The reclassifications in 2019 represent mall and warehouse in Laguna, expansions of provincial malls, office buildings in Quezon City and Luisita. These were reclassified to buildings and improvements and land improvements. The remaining construction in progress represents new and expansion projects in various cities in Metro Manila and other parts of Luzon and Visayas regions. These normally take three (3) to five (5) years to construct until completion.



For the years ended December 31, 2020 and 2019, the Group reclassified investment properties to subdivision land, condominium and residential units for sale amounting to ₱824 million and ₱318 million, respectively (see Note 9). The Group also reclassified investment properties to property and equipment amounting to ₱29 million and ₱102 million in 2020 and 2019, respectively (see Note 12).

Depreciation expense charged to operations amounted to ₱4,296 million, ₱4,023 million and ₱3,699 million for the years ended December 31, 2020, 2019 and 2018, respectively (see Note 24).

Borrowing costs capitalized amounted to ₱425 million, ₱318 million and ₱323 million for the years ended December 31, 2020, 2019 and 2018, respectively. These amounts were included in the consolidated statements of cash flows under additions to investment properties. The capitalization rate used to determine the amount of borrowing costs eligible for capitalization for the years ended December 31, 2020, 2019 and 2018 is 4.54%, 4.59% and 4.50%, respectively (see Note 16).

The aggregate fair value of the Group's investment properties as of December 31, 2020 and 2019 amounted to ₱300,904 million and ₱220,514 million, respectively. The fair values of the investment properties were determined by independent professionally qualified appraisers and exceed its carrying cost.

The following table provides the fair value hierarchy of the Group's investment properties as of December 31, 2020 and 2019:

2020

	Date of Valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investment properties	Various	₱300,904,223,207	₱-	₱-	₱300,904,223,207

2019

	Date of Valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investment properties	Various	₱220,514,455,352	₱-	₱-	₱220,514,455,352

The fair values of the land held for future development were measured through market data approach which provides an indication of value by comparing the subject asset with an identical or similar assets for which price information is available. This approach was used for the land as it is commonly used in the property market since inputs and data for this approach are available.

The fair values of the buildings (retail, office and warehouses) were measured through income approach using the discounted cash flow analysis. This approach converts anticipated future gains to present worth by projecting reasonable income and expenses for the subject property.

The construction-in-progress were measured at cost until such time the fair value becomes reliably measurable or construction is completed (whichever comes earlier).



The significant assumptions used in the valuation are discount rates of 8% and capitalization rates of 4.50% to 6.25%. The significant unobservable inputs to valuation of investment properties ranges from ₱750 to ₱364,000 per sqm.

Acquisition costs of investment properties that are recent and for land banking purposes approximate fair values. There are little or nil developments on these properties.

Rental income derived from investment properties amounted to ₱10,617 million, ₱15,420 million and ₱13,548 million for the years ended December 31, 2020, 2019 and 2018, respectively (see Note 21).

Property operations and maintenance costs arising from investment properties amounted to ₱492 million, ₱680 million and ₱791 million for the years ended December 31, 2020, 2019 and 2018, respectively (see Note 22).

There are no investment properties as of December 31, 2020 and 2019 that are pledged as security to liabilities. The Group has no restrictions on the realizability of its investment properties. Except for contracts awarded, there no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

The total contractual commitments arising from awarded contracts for the acquisition, development and construction of investment properties amounted to ₱15,155 million and ₱10,388 million, as of December 31, 2020 and 2019, respectively.

12. Property and Equipment

This account consists of:

	December 31, 2020					
	Land Improvements	Buildings and Improvements	Construction in Progress	Theater Furniture and Equipment	Other Equipment	Total
Cost						
Balances at January 1, 2020	₱37,280,715	₱7,858,478,190	₱2,163,578,261	₱1,236,263,555	₱5,180,638,619	₱16,476,239,340
Additions	12,663,489	149,711,362	682,531,613	–	136,006,540	980,913,004
Retirement/disposal	–	(3,122,174)	–	–	(3,723,884)	(6,846,058)
Reclassifications (Note 11)	–	(739,385,296)	16,113,960	–	28,675,661	(694,595,675)
Balances at December 31, 2020	49,944,204	7,265,682,082	2,862,223,834	1,236,263,555	5,341,596,936	16,755,710,611
Accumulated Depreciation						
Balances at January 1, 2020	8,202,360	2,747,805,698	–	928,562,675	3,895,045,072	7,579,615,805
Depreciation (Notes 22 and 24)	12,353,115	228,381,485	–	27,908,924	560,398,864	829,042,388
Retirement/disposal	–	(3,122,174)	–	–	(3,723,884)	(6,846,058)
Reclassifications (Note 11)	–	(153,795,546)	–	–	–	(153,795,546)
Balances at December 31, 2020	20,555,475	2,819,269,463	–	956,471,599	4,451,720,052	8,248,016,589
Net Book Value	₱29,388,729	₱4,446,412,619	₱2,862,223,834	₱279,791,956	₱889,876,884	₱8,507,694,022

	December 31, 2019					
	Land Improvements	Buildings and Improvements	Construction in Progress	Theater Furniture and Equipment	Other Equipment	Total
Cost						
Balances at January 1, 2019	₱9,701,004	₱5,857,110,497	₱2,987,546,446	₱1,063,841,909	₱4,660,858,499	₱14,579,058,355
Additions	28,330,621	232,532,519	868,169,624	172,421,646	486,904,940	1,788,359,350
Retirement/disposal	(52,669)	(1,914,060)	–	–	(122,675,974)	(124,642,703)
Reclassifications (Notes 9 and 11)	(698,241)	1,770,749,234	(1,692,137,809)	–	155,551,154	233,464,338
Balances at December 31, 2019	37,280,715	7,858,478,190	2,163,578,261	1,236,263,555	5,180,638,619	16,476,239,340

(Forward)



December 31, 2019						
	Land Improvements	Buildings and Improvements	Construction in Progress	Theater Furniture and Equipment	Other Equipment	Total
Accumulated Depreciation						
Balances at January 1, 2019	₱6,242,132	₱2,514,458,631	₱-	₱835,707,509	₱3,378,506,011	₱6,734,914,283
Depreciation (Notes 22 and 24)	2,711,138	282,754,871	-	92,855,166	508,593,901	886,915,076
Retirement/disposal	(52,669)	(1,914,060)	-	-	(114,836,326)	(116,803,055)
Reclassifications (Notes 9 and 11)	(698,241)	(47,493,744)	-	-	122,781,486	74,589,501
Balances at December 31, 2019	8,202,360	2,747,805,698	-	928,562,675	3,895,045,072	7,579,615,805
Net Book Value	₱29,078,355	₱5,110,672,492	₱2,163,578,261	₱307,700,880	₱1,285,593,547	₱8,896,623,535

The construction in progress items reclassified to their respective asset accounts in 2020 and 2019 amounted to nil and ₱1,692 million, respectively. The reclassifications in 2019 represent a hotel in Cebu. The remaining construction in progress represents new and expansion projects in various cities in Metro Manila and other parts of Visayas and Mindanao regions. These normally take three (3) to five (5) years to construct until completion.

As of December 31, 2020, the Group reclassified property and equipment to investment properties amounting to ₱723 million including accumulated depreciation amounting to ₱154 million (see Note 11).

Depreciation expense charged to operations amounted to ₱829 million, ₱887 million and ₱757 million for the years ended December 31, 2020, 2019 and 2018, respectively (see Notes 22 and 24).

Borrowing costs capitalized amounted to ₱139 million, ₱48 million and ₱63 million for the years ended December 31, 2020, 2019, 2018, respectively (see Note 16).

There are no property and equipment items as of December 31, 2020 and 2019 that are pledged as security to liabilities. The Group has no restrictions on the realizability of its property and equipment. Except for contracts awarded, there no contractual obligations to purchase, construct or develop property and equipment or for repairs, maintenance and enhancements.

The total contractual commitments arising from awarded contracts for the acquisition, development and construction of property and equipment amounted to ₱2,736 million and ₱870 million as of December 31, 2020 and 2019, respectively.

The Group performed impairment testing on its hotel property and equipment assets with a carrying value of P5,209 million as of December 31, 2020, by assessing the recoverable amount of cash-generating units based on a value in use (VIU) calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the demand for products and services, taking into consideration the impact of the coronavirus pandemic.

The significant assumptions used in the valuation are pre-tax discount rate of 8.791% and average growth rate of 3.00% for cash flows beyond five years. Based on the impairment testing, there is no impairment loss on the Group's hotel property and equipment assets (see Note 5).

The calculation of value in use of the CGUs is most sensitive to the following assumptions:

- EBITDA margins
- Discount rate
- Growth rates used to extrapolate cash flows beyond the forecast period



EBITDA Margins

EBITDA margins are based on average values achieved in one (1) to five (5) years preceding the beginning of the budget period. These are increased over the budget period for anticipated efficiency improvements. A 28.0% to 50.0% EBITDA margin per annum was applied. A decreased demand can lead to a decline in gross margin.

Discount Rates

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

Growth Rate Estimates

Rates are based on published industry research. A reduction in the long-term growth rate would result in impairment.

13. Other Noncurrent Assets

This account consists of:

	2020	2019
Advances to suppliers and contractors	₱2,137,959,389	₱2,257,056,721
Advances to land owners (Note 20)	3,745,307,951	1,886,052,753
Utility deposits (Notes 31 and 32)	660,905,455	744,380,122
Financial assets at fair value through OCI	129,718,939	91,674,297
Others	301,320,468	154,375,470
	₱6,975,212,202	₱5,133,539,363

Advances to suppliers and contractors represents prepayments for the construction of investment properties and property and equipment.

Advances to land owners consist of advance payments to land owners which shall be applied against the acquisition cost of the real estate properties.

Utility deposits that are refundable consist primarily of bill and meter deposits.

Financial assets at fair value through OCI represents equity shares of APVI that were retained by the Group and equity shares of Data Analytics Ventures, Inc., both entities under the common control of the ultimate parent company.



A summary of the movements follows:

	2020	2019
Beginning balance	₱91,674,297	₱-
Additions	24,000,000	91,674,297
Fair value adjustment - other comprehensive income	14,044,642	-
Ending balance	₱129,718,939	₱91,674,297

The changes in the fair value (net of tax) in 2020, 2019 and 2018 amounted to ₱14 million, nil and nil, respectively.

“Others” include refundable due diligence deposits. This also includes an upfront fee paid to the province of Malolos, Bulacan amounting ₱100 million as of December 31, 2020 and 2019, in relation to the lease agreement executed in October 2018 for the lease of contiguous land situated at Brgy. Bulihan, City of Malolos, owned by the Province of Bulacan, pursuant to Proclamation No. 832 dated July 17, 2014. The project shall involve the lease of the project site and utilization thereof by the Group for a mixed-use development.

The lease period of the project site shall be for 25 years commencing on the 3rd project year counted from the commencement of the Construction Date and terminating on the date 25 years thereafter. The lease shall be automatically renewed for another 25 years upon mutual agreement by the parties. The upfront fee will be offset against the rent due starting on the 1st year of operation of the Parent Company in the said property. To date, the lease has not commenced.

14. Accounts Payable and Accrued Expenses

This account consists of:

	2020	2019
Accounts payable	₱8,307,594,890	₱8,974,009,895
Taxes and licenses payable	2,938,323,973	2,151,574,064
Accrued rent expense	839,198,621	927,182,324
Accrued interest payable	575,272,217	321,061,312
Commissions payable	536,398,989	405,805,820
Accrued contracted services	489,509,112	517,098,147
Accrued salaries and wages	412,497,367	333,919,117
Dividends payable	45,060,888	43,287,603
Other accrued payable	720,468,340	681,106,048
	₱14,864,324,397	₱14,355,044,330

Accounts payable mainly includes unpaid billings from suppliers and contractors related to construction activities which are non-interest bearing and are normally settled within 30-90 days term.

Taxes and licenses payable, accrued salaries and wages, accrued interest payable and accrued contracted services are normally settled within one (1) year.

Accrued rent expense represents primarily accrual for film rentals.



Commissions payable arises from obligations from contracts that qualified for revenue recognition. Consistent with the pattern of revenue recognition, the Group amortizes commission using the percentage of completion method.

Other accrued payable includes accrued utilities and advertising expenses.

15. Contract Liabilities, Deposits and Other Current Liabilities

This account consists of:

	2020	2019
Contract liabilities (Notes 17 and 20)	₱28,053,511,701	₱14,184,663,585
Deposits from lessees (Note 17)	2,984,978,548	2,928,599,269
Payable to affiliated companies (Note 20)	256,642,319	163,251,787
Current portion of lease liabilities (Note 34)	37,296,745	36,016,214
	₱31,332,429,313	₱17,312,530,855

Contract liabilities (including noncurrent portion shown in Note 17) consist of collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the goods and services transferred based on percentage of completion. The movement in the contract liability is mainly due to reservation of sales and advance payment of buyers less real estate sales recognized upon reaching the equity threshold from increase in percentage of completion.

The amount of revenue recognized from amounts included in contract liabilities at the beginning of the year amounted to ₱10,459 million, ₱4,045 million and ₱1,663 million in 2020, 2019 and 2018, respectively.

Deposits from lessees (including noncurrent portion shown in Note 17) represent cash received in advance equivalent to three (3) to six (6) month rent which shall be refunded to lessees at the end of lease term. These are initially recorded at fair value, which was obtained by discounting its future cash flows using the applicable rates of similar types of instruments. The accretion expense on these deposits, recognized in “Accretion of security deposits” under “Cost of rental services”, amounted to ₱82 million, ₱76 million and ₱73 million for the years ended December 31, 2020, 2019 and 2018, respectively (see Note 22).

Included in the “Deposits from lessees” are unearned rental income amounting to ₱579 million and ₱756 million as of December 31, 2020 and 2019, respectively. Amortization of unearned rental income included in “Rental income” amounted to ₱80 million, ₱83 million and ₱97 million for the years ended December 31, 2020, 2019 and 2018, respectively.



16. Loans Payable

Short-term loans

As of December 31, 2020 and 2019, short-term loans amounted to nil and ₱8,492 million. Details as follows:

	2019
Short-term loan obtained from local banks that will mature in January 2020. Interest rate is at 4.05% per annum.	₱5,000,000,000
Short-term loan obtained from local banks that will mature in January 2020. Interest rate is at 4.10% per annum.	2,591,700,000
Short-term loan obtained from a local bank that will mature in January 2020. Interest rate is at 4.25% per annum.	900,000,000
	₱8,491,700,000

Peso-denominated short - term loans had a weighted average cost of 5.00% and 4.45% per annum in 2020 and 2019, respectively.

Long-term loans

Details of the principal amount of the long-term loans follow:

	2020	2019
Seven-year bonds from BDO, HSBC, SB Capital, Standard Chartered, DBP and East West maturing on February 23, 2022. Principal payable upon maturity, with fixed rate at 4.8000%, interest payable semi-annually in arrears	₱10,635,500,000	₱10,635,500,000
Seven-year term loan from MBTC maturing on March 15, 2024. Principal payable in annual installment amounting to two percent (2%) of the total drawn principal amount and the balance upon maturity, with fixed rate at 4.7500%, interest payable quarterly in arrears	6,720,000,000	6,860,000,000
Five-year term loan from BDO Unibank, Inc. maturing on July 8, 2021. Principal payable upon maturity, with fixed rate at 3.8327%, interest payable quarterly in arrears.	6,500,000,000	6,500,000,000
Seven-year term loan from BPI maturing on August 10, 2023. Principal payable in annual installment amounting to ₱10 million for six years and the balance upon maturity, with fixed rate at 3.8900%, interest payable quarterly in arrears.	4,960,000,000	4,970,000,000
Ten-year term loan from BPI maturing on February 13, 2027. Principal payable in annual installment amounting to ₱5 million for nine years and the balance upon maturity, with fixed rate at 4.9500%, interest payable quarterly in arrears	4,485,000,000	4,490,000,000
Ten-year bonds from BDO and Standard Chartered maturing on February 23, 2025. Principal payable upon maturity, with fixed rate at 4.9344%, interest payable semi-annually in arrears.	1,364,500,000	1,364,500,000
Five-year term loan from BDO Unibank, Inc. maturing on June 30, 2025. Principal payable upon maturity, with fixed rate at 4.7500%, interest payable quarterly in arrears.	6,000,000,000	-

(Forward)



	2020	2019
Three-year bonds maturing on July 17, 2023. Principal payable upon maturity, with fixed rate at 3.6830%, interest payable semi-annually in arrears.	₱12,763,070,000	₱-
Five-year bonds maturing on July 17, 2025. Principal payable upon maturity, with fixed rate at 3.8000%, interest payable semi-annually in arrears.	427,210,000	-
	53,855,280,000	34,820,000,000
Less debt issue costs	251,501,217	104,727,824
Long-term loans net of debt issue costs	53,603,778,783	34,715,272,176
Less current portion	6,655,000,000	155,000,000
Noncurrent portion of long-term loans	₱46,948,778,783	₱34,560,272,176

Debt issue costs are deferred and amortized using effective interest method over the term of the related loans. Details are as follows:

Debt issue cost

	2020	2019
Beginning balance	₱104,727,824	₱137,588,327
Additions	209,317,145	-
Amortizations	(62,543,752)	(32,860,503)
Ending balance	₱251,501,217	₱104,727,824

Total interest cost from short-term and long-term loans amounted to ₱1,430 million, ₱907 million and ₱836 million for the years ended December 31, 2020, 2019 and 2018, respectively (see Note 26).

Capitalized borrowing costs amounted to ₱868 million, ₱852 million and ₱934 million for the years ended December 31, 2020, 2019 and 2018, respectively (see Notes 9, 11 and 12).

Seven-year bonds from BDO, HSBC, SB Capital, Standard Chartered, DBP, and East West maturing on February 23, 2022

On February 23, 2015, the Group issued ₱10,636 million bonds constituting direct, unconditional, unsubordinated, and unsecured obligations of the Parent Company and shall at all times rank *pari passu* and without preference among themselves and among any present and future unsubordinated and unsecured obligations of the Parent Company, except for any statutory preference or priority established under Philippine law. The net proceeds of the issue shall be used by the Parent Company to refinance existing debt obligations and to partially fund investment capital expenditures.

Interest on the bonds shall be calculated on a 30/360-day count basis and shall be paid semi-annually in arrears on February 23 and August 23 of each year at which the bonds are outstanding.

Debt Covenants

The Group is required to maintain a debt-to-equity ratio not exceeding 2:1 as referenced from its consolidated financial statements as of its fiscal year end September 30 and consolidated interim financial statements as at March 31. The Group has complied with the debt covenant as of December 31, 2020 and 2019.

Seven-year term loan from Metropolitan Bank and Trust Company maturing on March 15, 2024

On March 15, 2017, the Group borrowed unsecured ₱7,000 million under Term Loan Facility Agreements with Metropolitan Bank and Trust Company.



The loan amounting to ₱7,000 million was released on March 15, 2017 which bears interest rate at 4.7500% per annum and shall be payable quarterly, computed on the basis of a year of 365 calendar days for the actual number of days elapsed. Annual principal payment is two percent (2%) of the total loan amount or ₱140 million.

Debt Covenants

The Group is required to maintain a ratio of consolidated total borrowings to consolidated shareholders' equity not exceeding 2:1 as referenced from its consolidated audited financial statements as of its calendar year end December 31 and the consolidated interim financial statements as of March 31, June 30, and September 30. The Group has complied with the debt covenant as of December 31, 2020 and 2019.

Five-year term loan from BDO Unibank, Inc. maturing on July 8, 2021

On July 8, 2016, the Group borrowed unsecured ₱6,500 million under Term Loan Facility Agreements with BDO Unibank, Inc.

The loan was released on July 8, 2016 amounting to ₱3,000 million and on September 27, 2016 amounting to ₱3,500 million with interest rate at 3.8327% per annum and shall be payable quarterly, computed on the basis of a year of 365 calendar days for the actual number of days elapsed.

Debt Covenants

The Group is required to maintain a debt to equity ratio not exceeding 2:1. The Group has complied with the debt covenant as of December 31, 2020 and 2019.

Seven-year term loan from Bank of the Philippine Islands maturing on August 10, 2023

On August 10, 2016, the Group borrowed unsecured ₱5,000 million under Term Loan Facility Agreements with Bank of the Philippine Islands.

Interest on the bonds shall be calculated on a 30/360-day count basis and shall be paid semi-annually in arrears on February 23 and August 23 of each year at which the bonds are outstanding.

Debt Covenants

The Group is required to maintain a debt-to-equity not exceeding 2:1 as referenced from its consolidated audited financial statements as of its fiscal year end September 30 and consolidated interim financial statements as at March 31. The Group has complied with the debt covenant as of December 31, 2020 and 2019.

Ten-year term loan from BPI maturing on February 13, 2027

On February 10, 2017, the Group borrowed unsecured ₱4,500 million under Term Loan Facility Agreements with Bank of the Philippine Islands.

The loan was released on February 10, 2017 amounting to ₱4,500 million with interest rate at 4.9500% per annum and shall be payable quarterly, computed on the basis of a year of 365 calendar days for the actual number of days elapsed.

Partial payment for this loan amounting to ₱5 million were made on February 13, 2019 and 2018.

Debt Covenants

The Group is required to maintain a ratio of net debt-to-equity not exceeding 2:1 as measured at each fiscal year-end date based on the audited consolidated financial statements. The Group has complied with the debt covenant as of December 31, 2020 and 2019.



Ten-year bonds from BDO and Standard Chartered maturing on February 23, 2025

On February 23, 2015, the Group issued ₱1,365 million bonds constituting direct, unconditional, unsubordinated, and unsecured obligations of the Parent Company and shall at all times rank *pari passu* and without preference among themselves and among any present and future unsubordinated and unsecured obligations of the Parent Company, except for any statutory preference or priority established under Philippine law. The net proceeds of the issue shall be used by the Parent Company to refinance existing debt obligations and to partially fund investment capital expenditures.

Interest on the bonds shall be calculated on a 30/360-day count basis and shall be paid semi-annually in arrears on February 23 and August 23 of each year at which the bonds are outstanding.

Debt Covenants

The Group is required to maintain a debt-to-equity not exceeding 2:1 as referenced from its consolidated audited financial statements as of its fiscal year end September 30 and consolidated interim financial statements as at March 31. The Group has complied with the debt covenant as of December 31, 2020 and 2019.

Five-year term loan from BDO Unibank, Inc. maturing on June 30, 2025

On June 30, 2020, the Group borrowed ₱6,000 million under Term Loan Facility Agreements with BDO Unibank, Inc.

The loan was released on June 30, 2020 which bears interest rate at 4.7500% computed per annum and shall be payable quarterly, computed on the basis of a year of 365 calendar days for the actual number of days elapsed.

Debt Covenants

The Group is required to maintain a debt to equity ratio not exceeding 2:1. The Group has complied with the debt covenant as of December 31, 2020.

Three-year “Series C Bonds” maturing on July 17, 2023 and Five-Year “Series D Bonds” maturing on July 17, 2025.

On July 17, 2020, the Group issued its “Series C Bonds” amounting to ₱12,763 million and “Series D Bonds” amounting to ₱427 million constituting direct, unconditional, unsecured and unsubordinated peso-denominated obligations of the Parent Company and shall at all times rank *pari passu* and ratably without any preference or priority amongst themselves and at least *pari passu* with all other present and future unsubordinated and unsecured obligations of the Parent Company, other than obligations preferred by law. The net proceeds of the issue shall be used by the Parent Company to: (i) partially fund the capital expenditure budget of the Company for calendar years 2020 and 2021; (ii) repay short-term loans maturing in the second half of calendar year; and (iii) fund general corporate purposes including, but not limited to, working capital. The bonds have been rated PRS Aaa by Philippine Rating Services Corporation (PhilRatings) (Note 7).

Interest on the bonds shall be calculated on a 30/360-day count basis and shall be paid semi-annually in arrears on January 17 and July 17 of each year at which the bonds are outstanding.

Debt Covenants

The Group is required to maintain a debt-to-equity ratio not exceeding 2:1 as referenced from its consolidated financial statements as of its calendar year end December 31 and consolidated interim financial statements as at June 30. The Group has complied with the debt covenant as of December 31, 2020.



Details of the Group's loans payable by maturity follow:

Long-term loans

	Within 1 year	>1 to 2 years	>2 to 3 years	>3 to 4 years	>4 to 10 years	Total
December 31, 2020	₱6,655,000,000	₱10,790,500,000	₱24,148,070,000	₱5,000,000	₱12,256,710,000	₱53,855,280,000
December 31, 2019	₱155,000,000	₱6,655,000,000	₱10,790,500,000	₱5,085,000,000	₱12,134,500,000	₱34,820,000,000

17. Contract Liabilities, Deposits and Other Noncurrent Liabilities

This account consists of:

	2020	2019
Deposits from lessees (Note 15)	₱3,263,657,716	₱3,171,544,926
Lease liabilities - net of current portion (Note 34)	1,940,151,368	1,899,868,024
Contract liabilities - net of current portion (Notes 15 and 20)	905,153,868	2,958,482,166
Retentions payable	510,887,699	454,267,761
Pension liabilities (Note 29)	666,282,219	361,239,256
Advances for marketing and promotional fund	271,538,207	243,566,063
Others	210,605,222	210,998,269
	₱7,768,276,299	₱9,299,966,465

Retention payable are amounts withheld from payments to contractors which represents as guaranty for any claims for defects in projects requiring rework. These are released after the guarantee period. These are noninterest-bearing and will be remitted to contractors at the end of the contracted work.

Advances for marketing and promotional fund represents advances from tenants for sales promotions and marketing programs. These are tenant's share in the costs of advertising and promotional activities which the Group considers appropriate to promote the business in the mall complex.

Others include payable to the non-controlling interests of the Parent Company's subsidiaries.

18. Retained Earnings

After reconciling items, the declarable dividend of the Parent Company amounted to ₱31,479 million and ₱27,670 million as of December 31, 2020 and 2019, respectively.

Restriction

A portion of the unappropriated retained earnings representing the undistributed net earnings of subsidiaries amounting to ₱3,625 million and ₱3,252 million as of December 31, 2020 and 2019, respectively, are not available for dividend declaration by the Parent Company until received in the form of dividends.

Also, retained earnings amounting to ₱26,000 million and ₱27,000 million as of December 31, 2020 and 2019 were appropriated for future and ongoing expansions and are not available for dividends declaration.



Dividends declared

Cash dividends

The BOD declared cash dividends in favor of all its stockholders for the years ended December 31, 2020, 2019 and 2018 as follows:

	December 31, 2020	December 31, 2019	December 31, 2018
Date of declaration	May 13, 2020	May 29, 2019	April 6, 2018
Date of payment	July 13, 2020, October 27, 2020	July 12, 2019	May 23, 2018
Ex-dividend date	June 10, 2020, October 1, 2020	June 18, 2019	April 26, 2018
Dividend per share	₱0.25, ₱0.25	₱0.50	₱0.36
Total dividends	₱2,596,915,343	₱2,596,915,343	₱1,869,779,047

Property dividend

On July 31, 2019, the BOD of the Parent Company approved the declaration of property dividend in the form of its shares in APVI (see Note 2).

Appropriation

On December 10, 2020, the BOD approved the reversal of the retained earnings it appropriated in 2019 amounting to ₱27,000 million as the related projects to which the retained earnings were earmarked were completed already. The amount was originally earmarked for the continuing capital expenditures of the Group for subdivision land, condominium and residential units for sale, investment properties and property and equipment.

On the same date, the BOD also approved the appropriation of ₱26,000 million, out of the unappropriated retained earnings, to support the capital expenditure requirements of the Group for various projects. These projects and acquisitions are expected to be completed on various dates from 2021 to 2026.

On December 9, 2019, the BOD approved the reversal of the retained earnings it appropriated in 2018 amounting to ₱27,000 million as the related projects to which the retained earnings were earmarked were completed already. The amount was originally earmarked for the continuing capital expenditures of the Group for subdivision land, condominium and residential units for sale, investment properties and property and equipment.

On the same date, the BOD also approved the appropriation of ₱27,000 million, out of the unappropriated retained earnings, to support the capital expenditure requirements of the Group for various projects. These projects and acquisitions are expected to be completed on various dates from 2020 to 2024.

On December 14, 2018, the BOD approved the reversal of the retained earnings it appropriated in 2017 amounting to ₱24,500 million as the related projects to which the retained earnings were earmarked were completed already. The amount was originally earmarked for the continuing capital expenditures of the Group for subdivision land, condominium and residential units for sale, investment properties and property and equipment.



On the same date, the BOD also approved the appropriation of ₱27,000 million, out of the unappropriated retained earnings, to support the capital expenditure requirements of the Group for various projects approved by the Executive Committee during meetings held in September 2016. These projects and acquisitions are expected to be completed on various dates from 2019 to 2023.

19. Capital Stock and Other Equity Reserve

The details of the number of common shares as of December 31, 2020 and 2019 follow:

	December 31, 2020		December 31, 2019	
	Shares	Amount	Shares	Amount
Authorized - at ₱1 par value	8,200,000,000	₱8,200,000,000	8,200,000,000	₱8,200,000,000
Issued and outstanding common shares	5,193,830,685	₱5,193,830,685	5,193,830,685	₱5,193,830,685

Below is the summary of the Parent Company's track record of registration of securities with the SEC as of December 31, 2020:

	Number of shares registered	Issue/offer price	Date of SEC approval	Number of holders of securities as of year end
Balance before Initial public offering	300,000,000			
Initial public offering	200,000,000	₱1.00/share	February 10, 1989	
Increase in offer price		₱5.81/share	June 3, 1989	
Add:				
1:1 stock rights offering	500,000,000	₱2.50/share	March 15, 1991	
20% stock dividend	200,000,000	₱1.00/share	June 16, 1993	
1:2 stock rights offering	600,000,000	₱2.50/share	March 21, 1995	
Exchange for shares of JGSHI ⁽¹⁾ in MMHLC ⁽²⁾ and in RII ⁽³⁾	496,918,457		April 3, 1997	
1:2 new share offering	450,000,000	₱12.00/share	September 25, 2006	
1:2 stock rights offering	1,364,610,228	₱10.00/share	May 17, 2011	
December 31, 2017	4,111,528,685			1,066
Add: Stock rights offering	1,082,302,000	₱18.20/share	February 8, 2018	(5)
December 31, 2018	5,193,830,685			1,061
Add (deduct) movement	-			(13)
December 31, 2019	5,193,830,685			1,048
Add (deduct) movement	-			(21)
December 31, 2020	5,193,830,685			1,027

⁽¹⁾ JGSHI - JG Summit Holdings, Inc.

⁽²⁾ MMHLC - Manila Midtown Hotels and Land Corporation

⁽³⁾ RII - Robinson's Inn Inc.

Stock rights offering

On November 13, 2017, the BOD of the Parent Company approved in principle the stock rights offering (SRO) of up to ₱20 billion composed of 1.1 billion common shares, with a par value of ₱1.00 per share, to all stockholders as of record date January 31, 2018. The Parent Company intends to use the proceeds from the SRO to finance the acquisition of land located in various parts of the country for all its business segments.



The Parent Company obtained the approval of the BOD of the Philippine Stock Exchange, Inc. (PSE) for the listing and trading of the rights shares on January 10, 2018, while the PSE's confirmation of exempt transaction covering the SRO was obtained on December 14, 2017. The following are the key dates of the SRO:

- Pricing date - January 24, 2018
- Ex-date - January 26, 2018
- Record date - January 31, 2018
- Offer period - February 2 to 8, 2018
- Listing date - February 15, 2018

The Parent Company successfully completed its ₱20 billion SRO of common shares following the close of the offer period on February 8, 2018. A total of 1.1 billion common shares from the SRO were issued at a price of ₱18.20 each. The listing of the shares occurred on February 15, 2018.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and make adjustments to these ratios in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital structure or issue capital securities. No changes have been made in the objective, policies and processes as they have been applied in previous years.

The Group monitors its use of capital structure using a debt-to-capital ratio which is gross debt divided by total equity. The Group includes within gross debt all interest-bearing loans and borrowings, while capital represents total equity attributable to the equity holders of the Parent Company. Following is a computation of the Group's debt-to-capital ratio as of December 31, 2020 and 2019.

	2020	2019
(a) Loans payable (Note 16)	₱53,603,778,783	₱ 43,206,972,176
(b) Capital	101,839,321,911	₱99,508,809,473
(c) Debt-to-capital ratio (a/b)	0.53:1	0.43:1

As of December 31, 2020 and 2019, the Group is compliant with its debt covenants with lenders.

Other Equity Reserve

On March 6, 2013, the Parent Company acquired the remaining 20% non-controlling interest in APVI, increasing its ownership interest from 80% to 100%. Cash consideration of ₱198 million was paid to the non-controlling shareholders. The total carrying value of the net assets of APVI at the date of acquisition was ₱578 million, and the 20% equivalent of the carrying value of the remaining non-controlling interest acquired was ₱111 million. The difference of ₱88 million between the consideration and the carrying value of the interest acquired was booked in "Other equity reserve" account within equity.

On July 31, 2019, the Board of Directors of the Parent Company approved the declaration of a property dividend consisting of up to 100 million common shares of APVI with a par value of One Peso (Php1.00) per share to all eligible stockholders as of record date of August 15, 2019. Upon deconsolidation of APVI, the "Other equity reserve" was transferred to retained earnings in 2019 (see Note 2).



Stock issuance cost

In 2020, BRFLC issued 200,000 additional common shares from its registered share capital of 10,000,000 common shares at a par of ₱100 per share, 70% of which or 140,000 common shares was subscribed and paid up by the Parent Company.

20. Related Party Transactions

Related party transactions are made under the normal course of business. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions; and the parties are subject to common control or common significant influence. Affiliates are entities that are owned and controlled by the ultimate parent company and neither a subsidiary or associate of the Group. These affiliates are effectively sister companies of the Group by virtue of ownership of the ultimate parent company. Related parties may be individuals or corporate entities. Transactions are generally settled in cash, unless otherwise stated.

The amounts and balances arising from significant related party transactions are as follows:

	December 31, 2020			
	Amount/ Volume	Receivable (Payable)	Terms	Conditions
Ultimate Parent Company				
Rental income/receivable (a)	₱79,100,497	₱73,384,001	Three to five-year lease terms at prevailing market lease rates; renewable at the end of lease term	Unsecured; no impairment
Payable to affiliated companies (g)	28,392,644	(130,244,412)	Non-interest bearing; due and demandable	Unsecured
Under common control of Ultimate Parent Company				
Cash and cash equivalents (c)				
Cash in banks	(739,506,924)	455,186,315	Interest bearing at prevailing market rate; at 0.20% to 0.25% per annum; due and demandable	Unsecured; no impairment
Short-term investments	1,093,000,267	1,093,000,267	Interest bearing at prevailing market rate; at 0.375% to 1.25% per annum; due and demandable	Unsecured; no impairment
Interest income	8,225,042	1,588,149		
Rental income/receivable (a)	2,024,233,627	188,601,404	Three to 20-year lease terms at prevailing market lease rates; renewable at the end of lease term	Unsecured; no impairment
Advances to (b)	4,532,524	29,848,891	Non-interest bearing; due and demandable	Unsecured; no impairment
Payable to affiliated companies (g)	64,997,888	(126,397,907)	Non-interest bearing; due and demandable	Unsecured
Joint ventures in which the Parent Company is a venturer				
Advances to (b)	(330,000,000)	1,000,000,000	Interest-bearing at PDST R2 of applicable interest period	Unsecured; no impairment
Sale of land - contract liabilities (d)	-	(2,705,550,000)	Non-interest bearing; due in one year	Unsecured; no impairment
Sale of land - installment contract receivables (e)	-	2,005,960,000	Interest bearing at 4% interest rate; with remaining 2 annual installments	Unsecured; no impairment
Elimination of excess of gain on sale against investment in joint venture - contract liabilities (e)	-	(895,520,498)		

(Forward)



December 31, 2020				
	Amount/ Volume	Receivable (Payable)	Terms	Conditions
Interest income from sale of land - installment contract receivables (e)	₱101,099,160	₱101,099,160		
Elimination of excess of interest income against investment in joint venture - contract liabilities (e)	50,549,580	(50,549,580)		
Other related parties				
Advances to lot owners (f)	100,977	375,376,524	Non-interest bearing; due and demandable	Unsecured; no impairment
		₱1,415,782,314		
December 31, 2019				
	Amount/ Volume	Receivable (Payable)	Terms	Conditions
Ultimate Parent Company				
Rental income/receivable (a)	₱115,670,106	₱4,495,516	Three to five-year lease terms at prevailing market lease rates; renewable at the end of lease term	Unsecured; no impairment
Payable to affiliated companies (g)	(99,461,639)	(101,851,768)	Non-interest bearing; due and demandable	Unsecured
Under common control of Ultimate Parent Company				
Cash and cash equivalents (c)				
Cash in banks	382,884,570	1,194,693,239	Interest bearing at prevailing market rate; at 1.00% to 1.13% per annum due and demandable	Unsecured; no impairment
Short-term investments	721,650,328	721,650,328	Interest bearing at prevailing market rate; at 1.13% to 3.50% per annum due and demandable	Unsecured; no impairment
Interest income	15,666,957	229,557		
Rental income/receivable (a)	2,881,473,517	119,716,903	Three to twenty year lease terms at prevailing market lease rate; renewable at the end of lease term	Unsecured; no impairment
Advances to (b)	7,680,843	25,316,367	Non-interest bearing; due and demandable	Unsecured; no impairment
Payables to affiliated companies (g)	30,912,648	(61,400,019)	Non-interest bearing; due and demandable	Unsecured
Joint ventures in which the Parent Company is a venturer				
Advances to (b)	1,140,000,000	1,330,000,000	Interest-bearing at PDST R2 of applicable interest period	Unsecured; no impairment
Sale of land (d)	217,380,000	-	Non-interest bearing	Unsecured; no impairment
Cost of land sold	(80,087,427)	-		
Sale of land - contract liabilities (d)	-	(2,705,550,000)	Non-interest bearing; due in one year	Unsecured; no impairment
Sale of land - installment contract receivables (e)	-	3,008,940,000	Interest bearing at 4% interest rate; with remaining 3 annual installments	Unsecured; no impairment
Elimination of excess of gain on sale against investment in joint venture - contract liabilities (e)	-	(1,003,834,662)		
Interest income from sale of land - installment contract receivables (e)	141,959,070	141,959,070		
Elimination of excess of interest income against investment in joint venture - contract liabilities (e)	70,979,535	(70,979,535)		
Other related parties				
Advances to lot owners (f)	77,439,650	375,275,547	Non-interest bearing; due and demandable	Unsecured; no impairment
		₱2,978,660,543		



Outstanding balances consist of the following:

	2020	2019
Cash and cash equivalents (Note 7)	₱1,548,186,582	₱1,916,343,567
Advances to affiliated companies (Note 8)	1,029,848,891	1,355,316,367
Advances to lot owners (Note 13)	375,376,524	375,275,547
Rental receivables (Note 8)	261,985,405	124,212,419
Others (Note 8)	1,588,149	229,557
Installment contract receivables (Note 8)	2,107,059,160	3,150,899,070
Contract liabilities (Note 17)	(3,651,620,078)	(3,780,364,197)
Payable to affiliated companies (Note 15)	(256,642,319)	(163,251,787)
	₱1,415,782,314	₱2,978,660,543

Significant transactions with related parties are as follows:

(a) *Rental income*

The Group leases commercial properties to affiliated companies with a lease term of three (3) to 20 years based on prevailing market lease rates.

(b) *Advances to affiliated companies*

The Group, in the normal course of business, has transactions with its major stockholders, ultimate parent company and its affiliated companies consisting principally of lease arrangements and advances principally for working capital requirement, financing for real estate development, and purchase of investment properties.

On June 13, 2019, the Parent Company has made advances to SRPI amounting to ₱1,000 million in accordance with the joint venture agreement. The advances remain outstanding as of December 31, 2020.

In October 2018, the Parent Company entered a Loan Agreement with RHK Land Corporation, a joint venture with Hong Kong Land Group, to make available a loan facility amounting to ₱1,400 million. As of December 31, 2019, total drawdown from this credit facility amounting to ₱330 million has been fully paid in 2020.

In 2020 and 2019, the Parent Company has also made advances to other affiliates amounting to ₱30 million and ₱25 million, respectively.

The total interest in 2020 and 2019 amounted to ₱13 million and ₱19 million, respectively.

(c) *Cash and cash equivalents*

The Group maintains savings and current accounts and time deposits with an entity under common control which is a local commercial bank. Cash and cash equivalents earn interest at the prevailing bank deposit rates.

(d) *Sale of Land – RHK Land Corporation*

In 2018, the Parent Company also entered into a contract to sell a parcel of land located within the Bridgetowne Complex in Pasig City with RHK Land Corporation. Total selling price of the land is ₱2,706 million (net of value added tax) which was fully paid as of December 31, 2018 and presented as contract liabilities, deposits and other current liabilities in consolidated statement of financial position.



(e) *Sale of Land – Shang Robinsons Properties, Inc.*

In June 2018, the Parent Company entered into a contract to sell two (2) adjoining parcels of land located at Bonifacio, Global City Taguig, with Shang Robinsons Properties Inc. (SRPI), a joint venture with Shang Properties, Inc. (SPI). Total selling price is ₱5,015 million (net of value added tax) and shall be payable in five (5) annual installments, with interest at a rate of 4% per annum on the unpaid amount of the purchase price. Out of the amount of selling price and cost of land, ₱2,507 million and ₱398 million were recognized in real estate sales and cost of real estate sales, respectively. These amounts represent the portion sold to SPI by virtue of its 50% ownership in SRPI. The remaining 50% will be recognized as the SRPI starts to sell to its customers. In 2020 and 2019, the Parent Company realized ₱66 million and ₱26 million from this deferred gain, respectively. As of December 31, 2020 and 2019, deferred gain on sale of land of ₱1,277 million and ₱1,079 million was presented against the carrying value of the investment in SRPI for financial statement presentation purposes. In addition, ₱896 million and ₱1,113 million is currently presented under “Contract liabilities, deposits and other noncurrent liabilities” as of December 31, 2020 and 2019, respectively (see Note 30). Outstanding balance for the purchase price amounted to ₱2,006 million presented under installment contract receivables while interest from the said receivable amounted to ₱51 million and ₱71 million as of December 31, 2020 and 2019, respectively.

(f) *Advances to lot owners*

In 2020 and 2019, the Parent Company made advances to BRFLC’s stockholder amounting to ₱0.10 million and ₱77 million, respectively, for the purchase of parcels of land. The total remaining outstanding balances as of December 31, 2020 and 2019 amounted to ₱375 million.

(g) *Payable to affiliated companies*

The Group, in the normal course of business, has transactions with Ultimate Parent Company and its affiliated companies consisting primarily of administrative and support services.

Terms and conditions of transactions with related parties

There have been no guarantees provided or received for any related party receivables or payables. The Group has not recognized any impairment losses on amounts receivables from related parties for the years ended December 31, 2020, 2019 and 2018. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

Compensation of key management personnel by benefit type follows:

	2020	2019	2018
Short-term employee benefits	₱1,255,883,031	₱1,236,991,433	₱971,417,842
Post-employment benefits	74,512,772	86,267,912	61,807,906
	₱1,330,395,803	₱1,323,259,345	₱1,033,225,748

There are no other arrangements between the Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Group’s pension plan.

Approval requirements and limits on the amount and extent of related party transactions

Material related party transactions (MRPT) refers to any related party transactions, either individually, or in aggregate over a twelve (12)-month period with the same related party, amounting to ten percent (10%) or higher of the Group’s total consolidated assets based on its latest audited financial statements.



All individual MRPTs shall be approved by at least two-thirds (2/3) vote of the BOD, with at least a majority of the Independent Directors voting to approve the MRPT. In case that a majority of the Independent Directors' vote is not secured, the MRPT may be ratified by the vote of the stockholders representing at least two thirds (2/3) of the outstanding capital stock.

Aggregate RPT transactions within a 12-month period that meets or breaches the materiality threshold shall require the same Board approval in letter (d) above.

21. Revenue

The Group derives revenue from the transfer of goods and services over time and at a point in time, respectively, in different product types. The Group's disaggregation of each sources of revenue from contracts with customers are presented below:

	2020	2019	2018
Revenue from contracts with customers			
Recognized over time			
Residential development	₱11,717,577,404	₱8,708,003,578	₱8,345,617,524
Recognized at a point in time			
Industrial and integrated developments	132,606,872	320,940,495	2,546,767,437
Hotels and resorts	1,083,317,112	2,432,639,988	1,982,137,914
Amusement income	218,910,438	2,151,785,393	1,972,527,785
	1,434,834,422	4,905,365,876	6,501,433,136
Total revenue from contracts with customers	₱13,152,411,826	₱13,613,369,454	₱14,847,050,660
Rental income	10,617,088,269	15,420,499,255	13,548,204,208
Other income	1,635,326,439	1,549,966,856	1,163,227,782
	₱25,404,826,534	₱30,583,835,565	₱29,558,482,650

Performance obligations

Information about the Group's performance obligations are summarized below:

Real estate sales

The Group entered into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

The sale of real estate unit may cover either the (i) commercial lot; (ii) serviced lot; (iii) serviced lot and house; and (iv) condominium unit. The Group concluded that there is one performance obligation in each of these contracts. The Group recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the contract to sell and the consideration is payable in cash or under various financing schemes entered with the customer. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results to either a receivable or contract liability.



After the delivery of the completed real estate unit, the Group provides one-year warranty to repair minor defects on the delivered serviced lot and house and condominium unit. This is assessed by the Group as a quality assurance warranty and not treated as a separate performance obligation.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at December 31 are as follows:

	2020	2019
Within one year	₱27,843,679,129	₱14,184,663,585
More than one year	905,153,868	2,958,482,166
	₱28,748,832,997	₱17,143,145,751

The remaining performance obligations expected to be recognized within one year and in more than one year relate to the continuous development of the Group's real estate projects. The Group's condominium units are completed within three years and five years from start of construction while serviced lots and serviced lots and house are expected to be completed within two to three years from start of development.

Residential development

Type of Product	2020	2019	2018
Residences	₱10,684,921,537	₱7,693,160,488	₱7,460,955,561
Homes	1,032,655,867	1,014,843,090	884,661,963
	₱11,717,577,404	₱8,708,003,578	₱8,345,617,524

All of the Group's real estate sales from residential development are revenue from contracts with customers recognized over time.

Real estate sales include interest income from installment contract receivables amounting to ₱779 million, ₱323 million and ₱942 million for the years ended December 31, 2020, 2019 and 2018. These are also recognized over time.

Industrial and integrated developments

The real estate revenues amounting to ₱132 million and ₱321 million in 2020 and 2019, respectively, pertain to the sale of parcels of land which were recognized at a point in time.

Hotels and resorts

Type of Product	2020	2019	2018
Rooms	₱769,884,612	₱1,604,880,400	₱1,312,576,731
Food and beverage	234,081,453	724,881,634	593,105,042
Franchise revenue	16,855,546	27,137,473	16,819,902
Others	62,495,501	75,740,481	59,636,239
	₱1,083,317,112	₱2,432,639,988	₱1,982,137,914

The Group's revenue from hotels and resorts is attributed to the operations from the development and management of hotels and resorts. In view of the continuing community quarantines and restricted travel, the Group's hotels and resorts segment continues to be adversely affected by the lower number of guests and reduced room rates, both of which have significantly impacted the revenues reported



under this segment. Also, many restaurants remain closed or allowed limited operations which impacted the food and beverage revenues of the segment.

Rental Income

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Group waived its right to collect rent and other charges as part of various lease concessions it granted to lessees such as lease payment holidays or lease payment reductions. Rent discounts and concessions given vary for merchants that are (1) forced to close and (2) those that are still operational. Rental fees and common charges of merchants who were forced to close during the quarantine period were waived.

Costs to obtain contract

The balances below pertain to the costs to obtain contract presented in the consolidated financial statements.

	2020	2019
Balance at beginning of year	₱230,171,138	₱283,276,408
Additions	654,107,757	609,096,655
Amortization (Note 23)	(769,766,175)	(662,201,925)
Balance at end of year	₱114,512,720	₱230,171,138

22. Costs

This account consists of:

	2020	2019	2018
Real Estate Operations			
Cost of Rental Services			
Depreciation (Note 24)	₱4,766,938,604	₱4,607,173,026	₱4,208,494,869
Property operations and maintenance costs (Note 11)	491,977,798	680,456,641	791,291,480
Accretion of security deposits (Notes 15 and 26)	81,719,528	76,293,508	72,906,097
	5,340,635,930	5,363,923,175	5,072,692,446
Cost of Real Estate Sales (Note 9)	6,161,235,541	4,235,325,163	4,931,427,825
Cost of Amusement Services			
Film rentals expense	92,678,800	956,468,868	906,006,116
Others			
Contracted services	300,103,610	448,170,471	363,415,700
Others	80,129,770	1,110,670,362	838,169,402
	380,233,380	1,558,840,833	1,201,585,102
	11,974,783,651	12,114,558,039	12,111,711,489
Hotel Operations			
Cost of Room Services			
Property operations and maintenance costs	279,461,422	454,239,278	425,605,463
Depreciation (Note 24)	417,760,276	359,372,389	248,237,776
	697,221,698	813,611,667	673,843,239
Cost of Food and Beverage	116,701,743	380,535,302	320,069,980
Others			
Salaries and wages (Note 25)	186,866,971	227,866,865	97,141,168
Contracted services	76,155,650	162,308,423	85,818,160
Management fees	7,475,302	27,473,180	73,189,792

(Forward)



	2020	2019	2018
Supplies	₱29,247,821	₱60,043,442	₱37,493,390
Commission	15,343,086	54,021,163	15,255,321
Others	218,761,806	363,728,219	254,069,725
	533,850,636	895,441,292	562,967,556
	1,347,774,077	2,089,588,261	1,556,880,775
	₱13,322,557,728	₱14,204,146,300	₱13,668,592,264

Others under costs of real estate operations and hotel operations include expenses for utilities and other overhead expenses.

23. General and Administrative Expenses

	2020	2019	2018
Salaries and wages (Notes 20, 25 and 29)	₱1,143,528,832	₱1,095,392,480	₱936,084,580
Commission	790,062,423	807,360,809	800,153,709
Taxes and licenses	660,794,393	871,343,597	732,215,601
Advertising and promotions	311,495,096	610,213,348	655,239,141
Association dues	148,662,981	235,682,979	117,117,754
Insurance	135,467,549	152,723,079	132,096,341
Light, water and communication	91,169,163	89,871,012	97,834,528
Supplies	39,668,479	97,689,379	104,142,986
Travel and transportation	21,746,328	53,522,483	77,071,904
Rent (Note 34)	14,022,060	16,184,587	245,990,220
Entertainment, amusement and recreation	8,578,646	16,030,117	18,231,929
Others	223,207,805	50,779,530	80,174,176
	₱3,588,403,755	₱4,096,793,400	₱3,996,352,869

Others include provision for impairment losses amounting ₱180 million (Note 8). Others also include legal fees, audit fees, consultant fees, bank charges and other professional fees.

24. Depreciation

	2020	2019	2018
Real estate (Notes 11, 12, 22 and 34)			
Depreciation	₱4,707,136,675	₱4,550,908,737	₱4,208,494,869
Amortization of ROU asset (Note 34)	59,801,929	56,264,289	–
Hotel operations (Notes 12 and 22)			
Depreciation	417,760,276	359,372,389	248,237,776
	₱5,184,698,880	₱4,966,545,415	₱4,456,732,645

25. Personnel Expenses

Personnel expenses consist of:

	2020	2019	2018
Salaries, wages and other staff costs	₱1,182,405,179	₱1,162,639,446	₱917,284,253
Pension expense (Note 29)	74,512,772	86,267,912	61,807,906
SSS contributions, PAG-IBIG contributions, premiums and others	73,477,852	74,351,987	54,133,589
	₱1,330,395,803	₱1,323,259,345	₱1,033,225,748



The above amounts are distributed as follows:

	2020	2019	2018
General and administrative (Note 23)	₱1,143,528,832	₱1,095,392,480	₱936,084,580
Hotel operations (Note 22)	186,866,971	227,866,865	97,141,168
	₱1,330,395,803	₱1,323,259,345	₱1,033,225,748

26. Other Income, Interest Income, Interest Expense and Finance Charges

Interest income consists of:

	2020	2019	2018
Interest income:			
Cash and cash equivalents (Note 7)	₱239,358,482	₱287,417,657	₱156,969,192
Interest income from installment contract receivable - recognized under real estate sales (Note 21)	779,097,282	322,778,964	981,619,432
	₱1,018,455,764	₱610,196,621	₱1,138,588,624

Interest expense consists of (Notes 16, 17 and 34):

	2020	2019	2018
Loans payable (Note 16)	₱1,429,987,739	₱907,257,726	₱836,112,262
Lease liabilities (Note 34)	147,011,090	145,565,692	-
Accretion on deposits – recognized under cost of rental services (Notes 15 and 22)	81,719,528	76,293,508	72,906,097
	₱1,658,718,357	₱1,129,116,926	₱909,018,359

Capitalized borrowing costs for the years ended December 31, 2020, 2019 and 2018 are discussed in Notes 9, 11, 12 and 16.

27. Income Tax

The Group's provision for income tax includes the regular corporate income tax (RCIT), minimum corporate income tax (MCIT) and final tax paid at the rate of 20% for peso deposits and 7.50% for foreign currency deposits which are final withholding tax on gross interest income. Details follow:

	2020	2019	2018
Current			
RCIT	₱1,224,090,815	₱2,249,459,433	₱2,305,197,006
Final tax	22,422,405	22,710,178	14,307,463
MCIT	2,002,924	4,699,110	403,217
	1,248,516,144	2,276,868,721	2,319,907,686
Deferred	498,383,741	537,305,284	699,159,325
	₱1,746,899,885	₱2,814,174,005	₱3,019,067,011



The reconciliation of statutory income tax rate to the effective income tax rate follows:

	2020	2019	2018
Statutory income tax rate	30.00%	30.00%	30.00%
Reductions in income tax resulting from:			
Interest income subjected to final tax	(0.08)	(0.33)	(0.41)
Tax exempt real estate sales	(0.16)	(0.19)	(0.22)
Income subjected to BOI, PEZA and lower tax	(4.83)	(5.03)	(2.52)
Effective income tax rate	24.93%	24.45%	26.85%

Deferred taxes as of December 31, 2020 and 2019 relate to the tax effects of the following:

	2020	2019
Deferred tax assets:		
Lease liabilities	P593,234,434	P580,765,271
Pension liabilities	207,932,398	126,926,589
Accrued interest expense	151,140,202	126,624,344
Allowance for impairment loss	68,309,782	14,302,980
Accrued commissions	81,530,380	13,103,724
Unrealized foreign exchange	14,541,400	-
MCIT	10,993,747	10,782,821
	1,127,682,343	872,505,729
Deferred tax liabilities:		
Excess of real estate revenue based on percentage-of-completion over real estate revenue based on tax rules	(2,830,010,602)	(2,324,264,799)
Unamortized capitalized interest expense	(1,963,663,525)	(1,913,922,879)
Accrued rent income	(690,795,632)	(579,446,575)
Right-of-use assets	(333,690,830)	(351,520,199)
Unamortized debt issuance cost	(78,275,956)	(34,243,938)
Fair value reserve of financial assets at FVOCI	(22,267,741)	(37,215,115)
	(5,918,704,286)	(5,240,613,505)
Net deferred tax liabilities	(P4,791,021,943)	(P4,368,107,776)

Benefit for deferred tax relating to remeasurements of defined benefit liability recognized directly in equity amounted to P61 million for the year ended December 31, 2020. Provision for deferred tax relating to remeasurements of defined benefit liability recognized directly in equity amounted to P15 million and P12 million for the years ended December 31, 2019 and 2018, respectively.

The Group has deductible temporary difference that is available for offset against taxable income or tax payable for which deferred tax asset has not been recognized. This deductible temporary difference with no deferred tax assets recognized in the consolidated financial statements pertains to NOLCO of subsidiaries amounting to P9 million as of December 31, 2020 and 2019. The deferred tax assets of the above deductible temporary differences for which no deferred tax assets have been recognized amounted to P3 million as of December 31, 2020 and 2019.

Bayanihan to Recover as One Act

Republic Act No. 11494 or the Bayanihan to Recover as One Act was signed into law on September 11, 2020. Pursuant to Revenue Regulations No. 25-2020 implementing relevant provisions of the Bayanihan to Recover as One Act relative to Net Operating Loss Carry-Over



(NOLCO), unless otherwise disqualified from claiming the deduction, the business or enterprise which incurred net operating loss for taxable years 2020 and 2021 shall be allowed to carry over the same as a deduction from its gross income for the next five (5) consecutive taxable years immediately following the year of such loss. The net operating loss for said taxable years may be carried over as a deduction even after the expiration of the Bayanihan to Recover as One Act, provided the same are claimed within the next five (5) consecutive taxable years immediately following the year of such loss.

Details of NOLCO incurred for taxable year 2020 which are available for offset against future taxable income over a period of five (5) years are as follows:

Year incurred	Amount	Expired/Applied	Balance	Expiry Date
2020	₱150,926	₱-	₱150,926	December 31, 2025

As of December 31, 2020, the details of NOLCO incurred for taxable years prior to 2020 which are available for offset against future taxable income over a period of three (3) years are as follows:

Year incurred	Amount	Expired/Applied	Balance	Expiry Date
2019	₱8,613,865	₱-	₱8,613,865	December 31, 2022
2017	517,845	517,845	-	December 31, 2020
	₱9,131,710	₱517,845	₱8,613,865	

MCIT that can be used as deductions against income tax liabilities are as follows:

Year incurred	Amount	Expired/Applied	Balance	Expiry Date
2020	₱2,002,924	₱-	₱2,002,924	December 31, 2023
2019	4,699,110	-	4,699,110	December 31, 2022
2018	403,217	-	403,217	December 31, 2021
2017	315,448	315,448	-	December 31, 2020
	₱7,420,699	₱315,448	₱7,105,251	

Movement in NOLCO and MCIT follows:

NOLCO	2020	2019
Beginning balances	₱9,131,710	₱2,854,754
Additions	150,926	8,613,865
Expirations	(517,845)	(2,336,909)
Ending balances	₱8,764,791	₱9,131,710

MCIT	2020	2019
Beginning balances	₱5,417,775	₱1,009,765
Additions	2,002,924	4,699,110
Expirations	(315,448)	(291,100)
Ending balances	₱7,105,251	₱5,417,775

President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.



The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Company:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for **domestic** and **resident foreign** corporations. For **domestic** corporations with net taxable income not exceeding ₱5 million **and** with total assets not exceeding ₱100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Effective January 1, 2021, income tax rate for **nonresident foreign corporation** is reduced from 30% to 25%.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.
- **Foreign-sourced dividends** received by domestic corporations are **exempt** from income tax subject to the following conditions:
 - i. The funds from such dividends actually received or remitted into the Philippines are reinvested in the business operations of the domestic corporation in the Philippines within the next taxable year from the time the foreign-sourced dividends were received;
 - ii. Shall be limited to funding the working capital requirements, capital expenditures, dividend payments, investment in domestic subsidiaries, and infrastructure project; and
 - iii. The domestic corporation holds directly at least 20% of the outstanding shares of the foreign corporation and has held the shareholdings for a minimum of 2 years at the time of the dividend distribution.
- Qualified domestic market enterprises shall be entitled to 4 to 7 years ITH to be followed by 5 years ED.
- For investments prior to effectivity of CREATE:
 - i. Registered business enterprises (RBEs) granted only an ITH – can continue with the availment of the ITH for the remaining period of the ITH.
 - ii. RBEs granted an ITH followed 5% GIT or are currently enjoying 5% GIT – allowed to avail of the 5% GIT for 10 years.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2011 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

Applying the provisions of the CREATE Act, the Company would have been subjected to lower regular corporate income tax rate of 21% to 25% effective July 1, 2020.

- This will result in lower provision for current income tax for the year ended December 31, 2020 and lower income tax payable as of December 31, 2020, which will be reflected in the Company's 2020 annual income tax return but will only be recognized for financial reporting purposes in its 2021 financial statements. Pending clarification from the tax authorities on how the taxable income for the period beginning July 1, 2020 will be computed, the Company has not quantified the impact of the lower corporate income tax rate on the 2020 current income tax.



- Once applied, the CREATE Act will reduce the Group's deferred tax assets, deferred tax liabilities, and other comprehensive income recognized as of December 31, 2020 by an estimated amount of ₱153 million, ₱982 million and ₱31 million, respectively. These reductions will be recognized in the 2021 financial statements.

28. Basic/Diluted Earnings Per Share

Earnings per share amounts were computed as follows:

	2020	2019	2018
a. Net income attributable to equity holders of Parent Company	₱5,263,683,512	₱8,686,233,159	₱8,216,002,328
b. Weighted average number of common shares outstanding adjusted (Note 19)	5,193,830,685	5,193,830,685	5,056,330,685
c. Earnings per share (a/b)	₱1.01	₱1.67	₱1.62

There were no potential dilutive shares for the years ended December 31, 2020, 2019 and 2018.

29. Employee Benefits

Pension Plans

The Group has funded, noncontributory, defined benefit pension plans covering all of its regular employees.

It provides benefits based on a number of month's salary for every year of service. Under the existing regulatory framework, Republic Act 7641, *The Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The pension funds are being administered and managed through JG Summit Multi-Employer Retirement Plan (the "Plan"), with Robinsons Bank Corporation (RBC) as Trustee. The plans provide for retirement, separation, disability and death benefits to their members. The Group, however, reserves the right to discontinue, suspend or change the rates and amounts of their contributions at any time on account of business necessity or adverse economic conditions.

The retirement plan has an Executive Retirement Committee, which is mandated to approve the plan, trust agreement, investment plan, including any amendments or modifications thereto, and other activities of the Plan. Certain members of the BOD of the Parent Company are represented in the Executive Retirement Committee. RBC manages the plan assets based on the mandate as defined in the trust agreement.



The components of pension expense (included in “Personnel expenses” under “Costs and General and administrative expenses” in the consolidated statements of comprehensive income) follow:

	2020	2019	2018
Service cost	₱56,527,009	₱66,580,614	₱43,783,555
Net interest cost	17,985,763	19,687,298	18,024,351
Pension expense	₱74,512,772	₱86,267,912	₱61,807,906

The Plan was amended effective April 1, 2019. The effect of the change in retirement plan is reflected as Past Service Cost and recognized immediately in the 2019 pension expense.

There are no plan amendments, curtailments or settlements for the years ended December 31, 2020, 2019 and 2018.

The amounts recognized as pension liabilities included under “Deposit and other noncurrent liabilities” in the consolidated statements of financial position follow:

	2020	2019
Present value of defined benefit obligation	₱765,271,635	₱481,501,376
Fair value of plan assets	(98,989,416)	(120,262,120)
Pension liabilities	₱666,282,219	₱361,239,256

Changes in net defined benefit liability of funded funds follow:

	2020		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability/(asset)
Balance at January 1, 2020	₱481,501,376	₱120,262,120	₱361,239,256
Net benefit cost in consolidated statement of comprehensive income:			
Current service cost	56,527,009	–	56,527,009
Net interest cost	23,599,028	5,613,265	17,985,763
Subtotal	80,126,037	5,613,265	74,512,772
Benefits paid	–	(21,813,578)	21,813,578
Remeasurements in other comprehensive income:			
Actuarial changes arising from experience adjustments	167,174,536	–	167,174,536
Actuarial changes arising from changes in financial/demographic assumptions	74,325,128	–	74,325,128
Return on plan assets	–	(15,845,500)	15,845,500
Subtotal	241,499,664	(15,845,500)	257,345,164
Contributions paid	(37,855,442)	10,773,109	(48,628,551)
Balance at December 31, 2020	₱765,271,635	₱98,989,416	₱666,282,219



	2019		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability/(asset)
Balance at January 1, 2019	₱464,993,377	₱139,980,890	₱325,012,487
Net benefit cost in consolidated statement of comprehensive income:			
Current service cost	44,277,528	–	44,277,528
Past service cost	22,303,086	–	22,303,086
Net interest cost	26,505,290	6,817,992	19,687,298
Subtotal	93,085,904	6,817,992	86,267,912
Benefits paid	(14,991,030)	(15,578,368)	587,338
Remeasurements in other comprehensive income:			
Actuarial changes arising from experience Adjustments	(144,771,038)	–	(144,771,038)
Actuarial changes arising from changes in financial/demographic assumptions	83,184,163	–	83,184,163
Return on plan assets	–	(10,958,394)	10,958,394
Subtotal	(61,586,875)	(10,958,394)	(50,628,481)
Balance at December 31, 2019	₱481,501,376	₱120,262,120	₱361,239,256

	2018		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability/(asset)
Balance at January 1, 2018	₱470,681,322	₱146,133,669	₱324,547,653
Net benefit cost in consolidated statement of comprehensive income:			
Current service cost	43,783,555	–	43,783,555
Net interest cost	25,565,458	7,541,107	18,024,351
Subtotal	69,349,013	7,541,107	61,807,906
Benefits paid	(32,771,253)	(10,747,898)	(22,023,355)
Remeasurements in other comprehensive income:			
Actuarial changes arising from experience Adjustments	8,541,377	–	8,541,377
Actuarial changes arising from changes in financial/demographic assumptions	(50,807,082)	–	(50,807,082)
Return on plan assets	–	(2,945,988)	2,945,988
Subtotal	(42,265,705)	(2,945,988)	(39,319,717)
Balance at December 31, 2018	₱464,993,377	₱139,980,890	₱325,012,487

The major categories and corresponding fair values of plan assets by class of the Group's Plan as at the end of each reporting period are as follow:

	2020	2019
Cash and cash equivalents:		
Savings deposit account	₱126,295	₱1,729,968
Other securities	4,925,863	5,857,464
	5,052,158	7,587,432
Investment in debt instruments:		
Fixed rate bonds	30,062,548	32,429,238
Other debt instruments	38,918	6,098,772
	30,101,466	38,528,010
Accrued interest receivable	303,336	371,611
Other assets	64,508,544	73,779,070
Accrued trust and management fee payable	(976,088)	(4,003)
	₱98,989,416	₱120,262,120



The composition of the fair value of the Fund includes:

- *Cash and cash equivalents* - include savings and time deposit with various banks and special deposit account with Bangko Sentral ng Pilipinas.
- *Investment in debt instruments* - include investment in long-term debt notes and retail bonds issued by locally listed entities.
- *Accrued interest receivable and other receivable* - include interest earned from investments and receivable from affiliated companies.
- *Accrued trust and management fee payable* - pertains mainly to charges of trust or in the management of the plan.

The fund has no investment in the Parent Company as of December 31, 2020 and 2019.

The plan assets have diverse investments and do not have any concentration risk.

The management performs an asset-liability matching strategy annually. The overall investment policy and strategy of the Group's defined benefit plans is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risk of the plans.

The overall expected rates of return on assets are based on the market expectations prevailing as at the reporting date, applicable to the period over which the obligation is settled.

The Group expects to contribute ₱142 million to the defined benefit pension plans in 2021.

The average duration of the defined benefit obligation of the Group as of December 31, 2020 and 2019 is 13 and 17 years, respectively.

The principal assumptions used to determine the pension benefits of the Group follow:

	2020	2019
Discount rate	3.17% to 4.13%	4.52% to 5.16%
Rate of salary increase	4.70% to 5.70%	5.70%

There are no unusual or significant risks to which the Plan exposes the Group. However, in the event a benefit claim arises under the Retirement Plan and the Retirement Fund is not sufficient to pay the benefit, the unfunded portion of the claim shall immediately be due and payable from the Group to the Retirement Fund.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the retirement benefit obligation as of December 31, 2020 and 2019, assuming all other assumptions were held constant.

It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which changes other than those assumed may be deemed to be more reasonable.



The balances below show the addition/reduction in pension obligation assuming assumptions are changed:

		Increase (decrease) on pension liabilities	
		2020	2019
Discount rates	+1.00%	(P64,775,773)	(P35,560,743)
	-1.00%	74,940,988	52,024,195
Salary increase rates	+1.00%	P72,748,884	P53,425,615
	-1.00%	(64,255,469)	(37,518,849)

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

	2020	2019
Less than 1 year	P35,064,852	P24,120,310
More than 1 years to 5 years	286,070,659	195,980,519
More than 5 years to 10 years	536,142,337	327,981,150
More than 10 years to 15 years	514,871,618	461,128,355
More than 15 years to 20 years	525,224,875	466,560,161
More than 20 years	1,111,415,273	968,316,035

30. Interest in Joint Ventures and Joint Operations

A. Interest in Joint Ventures

This account consists of the following:

	Percentage of ownership	2020	2019
RHK Land Corporation	60.00	P1,341,554,976	P1,375,530,317
Robinsons DoubleDragon Corp.	65.72	673,652,470	613,308,121
RLC DMCI Property Ventures, Inc.	50.00	357,497,448	361,343,210
Shang Robinsons Properties, Inc.*	50.00	—	—
Balance at end of year		P2,372,704,894	P2,350,181,648

*Net of deferred gain from sale of land offset against the carrying amount of investment

Details and movements of interests in joint ventures are as follows:

	2020	2019
Investment in stocks - cost:		
Balance at beginning of year	P2,308,024,332	P1,409,502,348
Additions	65,720,000	1,124,368,855
Elimination of interest income on the sale of land	(47,092,151)	(69,606,759)
Elimination of gain on sale of land to joint venture	(151,124,219)	(156,240,112)
Balance at end of year	2,175,527,962	2,308,024,332
Accumulated equity in net earnings:		
Balance at beginning of year	42,157,316	(26,148,678)
Equity in net earnings during the year	155,019,616	68,305,994
Balance at end of year	197,176,932	42,157,316
P2,372,704,894	P2,350,181,648	



Joint Venture with Hong Kong Land Group

On February 5, 2018, the Parent Company's BOD approved the agreement with Hong Kong Land Group (HKLG) represented by Hong Kong Land International Holdings, Ltd. and its subsidiary Ideal Realm Limited to form a joint venture corporation (JVC).

On June 14, 2018, RHK Land Corporation (RHK Land), the JVC, was incorporated. RLC and HKLG owns 60% and 40%, respectively, of the outstanding shares in RHK Land. The principal office of the JVC is at 12F Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, Ortigas Center, Pasig City.

RLC and HKLG, through RHK Land, shall engage in the acquisition, development, sale and leasing of real property. RHK Land shall initially undertake the purchase of a property situated in Block 4 of Bridgetowne East, Pasig City, develop the property into a residential enclave and likewise carry out the marketing and sales of the residential units. RHK Land also plans to pursue other development projects.

In October 2018, the Parent Company entered into a Shareholder Loan Agreement with RHK Land (see Note 20). Repayment date falls on the fifth anniversary of the effective date (see Note 8).

The investment in RHK Land is accounted as an investment in joint venture using equity method of accounting because the contractual arrangement between the parties establishes joint control.

Summarized financial information of RHK Land, presented in Philippine Peso, which is its functional and presentation currency and prepared in accordance with PFRSs as at and for the years ended December 31, 2020 and 2019 are as follows:

Summarized statements of financial position:

	2020	2019
Current assets	₱3,275,771,788	₱3,041,593,517
Noncurrent assets	428,068,906	414,407,411
Current liabilities	(208,968,700)	(23,155,433)
Noncurrent liabilities	(812,701,457)	(681,784,862)
Equity	2,682,170,537	2,751,060,633
Proportion of Group's ownership	60.00%	60.00%
Group's share in identifiable net assets	1,609,302,322	1,650,636,380
Carrying amount of investment	₱1,341,554,976	₱1,375,530,317

Summarized statements of comprehensive income:

	2020	2019
Interest income	₱380,887	₱234,930
Interest expense	(38,025,086)	(1,363,546)
Depreciation	(10,347,672)	(6,567,627)
Other expenses	(49,134,945)	(25,331,213)
Loss before income tax	(97,126,816)	(33,027,456)
Income tax benefit	29,176,135	9,931,730
Net loss	(67,950,681)	(23,095,726)
Other comprehensive income	-	-
Total comprehensive loss	(₱67,950,681)	(₱23,095,726)



Additional information:

	2020	2019
Cash and cash equivalents	₱90,508,162	₱110,354,539
Noncurrent financial liabilities*	814,542,365	681,784,862

*Excluding trade and other payables and provision.

Reconciliation of the carrying amount of investment in RHK Land as of December 31, 2020 and 2019 is as follows:

	2020	2019
Beginning Balance	₱1,375,530,317	₱1,383,353,670
Equity in net loss	(33,975,341)	(7,823,353)
Carrying amount of investment	₱1,341,554,976	₱1,375,530,317

Joint Venture with DoubleDragon Properties Corp.

On December 26, 2019, Robinsons DoubleDragon Corp. (RDDC) was incorporated as the joint venture company (JVC) between RLC and DoubleDragon Corp. The primary purpose is to engage in realty development.

The investment in RDDC is accounted as an investment in joint venture using equity method of accounting because the contractual arrangement between the parties establishes joint control.

Summarized financial information of RDDC, presented in Philippine Peso, which is its functional and presentation currency and prepared in accordance with PFRS as at December 31, 2020 and 2019 and for the year ended December 31, 2020 and for the period December 26, 2019 to December 31, 2019 are as follows:

Summarized statements of financial position:

	2020	2019
Current assets	₱238,069,943	₱ 207,092,261
Noncurrent assets	797,818,128	805,030,515
Current liabilities	(10,896,620)	(78,952,079)
Equity	1,024,991,451	933,170,697
Proportion of Group's ownership	65.72%	65.72%
Group's share in identifiable net assets	673,624,382	613,279,782
Carrying amount of investment	₱673,624,382	₱613,279,782

Summarized statements of comprehensive income:

	2020	2019
Other expenses	(₱966,859)	(₱24,041,690)
Income tax benefit	-	7,212,387
Net loss	(966,859)	(16,829,303)
Other comprehensive income	-	-
Total comprehensive loss	(₱966,859)	(₱16,829,303)



Additional information:

	2020	2019
Cash and cash equivalents	₱143,745,997	₱112,768,935

Reconciliation of the carrying amount of investment in RDDC as of December 31, 2020 is as follows:

	2020	2019
Beginning balance	₱613,308,121	₱-
Additional/initial investment	65,720,000	624,368,855
Equity in net loss	(5,375,651)	(11,060,734)
Carrying amount of investment	₱673,652,470	₱613,308,121

Joint Venture with DMCI Project Developers, Inc.

In October 2018, the Parent Company entered into a Joint Venture Agreement with DMCI Project Developers, Inc. (DMCI PDI) to develop, construct, manage, and sell a residential condominium situated in Las Pinas City. Both parties agreed to incorporate a joint venture corporation where each party will hold a 50% ownership.

On March 18, 2019, RLC DMCI Property Ventures, Inc. (RLC DMCI) was incorporated as the joint venture company (JVC) between RLC and DMCI PDI. The proposed project is intended to be a multi-tower residential condominium and may include commercial spaces.

The investment in RLC DMCI is accounted as an investment in joint venture using equity method of accounting because the contractual arrangement between the parties establishes joint control.

Summarized financial information of RLC DMCI, presented in Philippine Peso, which is its functional and presentation currency and prepared in accordance with PFRS as at December 31, 2020 and 2019 and for the year ended December 31, 2020 and for the period March 18, 2019 to December 31, 2019 are as follows:

Summarized statement of financial position:

	2020	2019
Current assets	₱2,264,265,548	₱1,990,136,107
Noncurrent assets	100,883,589	42,978,919
Current liabilities	(317,250,653)	(53,162,175)
Noncurrent liabilities	(1,068,318,443)	(992,681,286)
Equity	979,580,041	987,271,565
Proportion of Group's ownership	50.00%	50.00%
Group's share in identifiable net assets	489,790,021	493,635,783
Carrying amount of investment	₱357,497,448	₱361,343,210



Summarized statement of comprehensive income:

	2020	2019
Revenue	₱6,211,645	₱-
Cost of sales	(4,221,509)	-
Interest income	10,853,485	5,768,638
Interest expense	(11,785,666)	(9,882,647)
Other expenses	(12,061,350)	(4,077,708)
Loss before income tax	(11,003,395)	(8,191,717)
Income tax benefit	3,311,871	5,463,284
Net loss	(7,691,524)	(2,728,433)
Other comprehensive income	-	-
Total comprehensive loss	(₱7,691,524)	(₱2,728,433)

Additional information:

	2020	2019
Cash and cash equivalents	₱473,607,885	₱967,056,774
Noncurrent financial liabilities*	(993,643,274)	(992,681,286)

*Excluding trade and other payables and provision.

Reconciliation of the carrying amount of investment in RLC DMCI as of December 31, 2020 is as follows:

	2020	2019
Beginning balance	₱361,343,210	₱-
Initial investment	-	500,000,000
Equity in net loss	(3,845,762)	(1,364,217)
Elimination of gain on sale of land (Note 22)	-	(137,292,573)
Carrying amount of investment, December 31, 2020	₱357,497,448	₱361,343,210

Joint Venture with Shang Properties, Inc.

On November 13, 2017, the Parent Company's BOD approved the agreement with Shang Properties, Inc. (SPI) to form a joint venture corporation (JVC).

On May 23, 2018, Shang Robinsons Properties, Inc. (SRPI), the JVC, was incorporated. Both RLC and SPI each own 50% of the outstanding shares in SRPI. The office address of SRPI is at Lower Ground Floor, Cyber Sigma Building, Lawton Avenue, Fort Bonifacio Taguig.

RLC and SPI, through SRPI, shall build and develop a property situated at McKinley Parkway corner 5th Avenue and 21st Drive at Bonifacio Global City, Taguig, Metro Manila. The project is intended to be a mixed-use development and may include residential condominium units, serviced apartments and commercial retail outlets. SRPI also plans to pursue other development projects.

The investment in the SRPI is accounted as an investment in joint venture using equity method of accounting because the contractual arrangement between the parties establishes joint control.

In accordance with the joint venture agreement with SPI, the Parent Company agrees to extend loan to SRPI, at fair and commercial rates comparable to loans extended by third party banks and financial institutions, an amount of ₱1,000 million annually starting April 1, 2019 up to April 1, 2022. As of



December 31, 2020, the Parent Company has already extended a loan to SRPI amounting to ₱1,000 million (see Notes 8 and 20).

Summarized financial information of SRPI, presented in Philippine Peso, which is its functional and presentation currency and prepared in accordance with PFRSs as at and for the years ended December 31, 2020 and 2019 are as follows:

Summarized statements of financial position:

	2020	2019
Current assets	₱9,188,271,545	₱9,146,232,494
Noncurrent assets	384,133,286	9,654,289
Current liabilities	(3,850,530,594)	(1,944,842,884)
Noncurrent liabilities	(3,167,337,600)	(5,052,940,000)
Equity	2,554,536,637	2,158,103,899
Proportion of Group's ownership	50.00%	50.00%
Group's share in identifiable net assets	1,277,268,319	1,079,051,949
Carrying amount of investment	₱-	₱-

Summarized statements of comprehensive income:

	2020	2019
Revenue	₱929,357,646	₱461,237,320
Cost of sales	(364,980,368)	172,582,512
Gross profit	564,377,278	288,654,808
Interest income	30,782,143	9,735,751
Depreciation	(441,529)	(118,599)
Other expenses	(77,814,376)	(46,650,505)
Income before income tax	516,903,516	251,621,455
Income tax expense	(145,836,412)	(74,512,861)
Net income	371,067,104	177,108,594
Other comprehensive income	-	-
Total comprehensive income	₱371,067,104	₱177,108,594

Additional information:

	2020	2019
Cash and cash equivalents	₱2,986,436,833	₱3,379,326,909
Noncurrent financial liabilities*	2,000,000,000	2,000,000,000

*Excluding trade and other payables and provision.

Reconciliation of the carrying amount of investment in SRPI as of December 31, 2020 and 2019 is as follows:

	2020	2019
Beginning balance	₱1,079,051,949	₱990,497,652
Equity in net earnings	198,216,371	88,554,297
	1,277,268,320	1,079,051,949
Elimination of gain on sale of land (Note 20)	(1,277,268,320)	(1,079,051,949)
Carrying amount of investment	₱-	₱-



Deferred gain on sale of land to SRPI attributable to the Parent Company was offset against the remaining carrying amount of investment in SRPI. The excess of the gain on sale of land amounting to ₱896 million and ₱1,004 million were presented as contract liabilities - net of current portion as of December 31, 2020 and 2019, respectively.

B. Joint Operations

The Group has entered into joint venture agreements with various landowners and other companies with various percentage interests in these joint operations depending on the value of the land or investment against the estimated development costs. These joint venture agreements entered into by the Group relate to the development and sale of subdivision land, condominium and residential units, with certain level of allocation of condominium unites/lots to be sold to buyers with provisions for sharing in the cash collection on the sale of allocated developed units.

The Group's joint venture agreements typically require the joint venture partner to contribute the land free from any lien, encumbrance and tenants or informal settlers to the project, with the Group bearing all the cost related to the land development and the construction of subdivision land, condominium and residential units, including the facilities.

Sales and marketing costs are allocated to both the Group and the joint operations partner. The projects covering the joint venture agreement are expected to be completed within two to three years. Each joint operations party has committed to contribute capital based on the terms of the joint venture agreement.

The total development costs on these joint ventures amounted to ₱5,505 million and ₱5,340 million as of December 31, 2020 and 2019, respectively. Total revenues from these joint ventures amounted to ₱975 million, ₱961 million and ₱573 million in 2020, 2019 and 2018, respectively.

Interest in joint projects with Horizon Land Property & Development Corporation, formerly Harbour Land Realty and Development Corp and Federal Land, Inc. (Jointly Controlled Operations)

On February 7, 2011, the Parent Company entered into a joint venture agreement with Horizon Land Property & Development Corporation (HLPDC), formerly Harbour Land Realty and Development Corp and Federal Land, Inc. (FLI) to develop Axis Residences (the Project) located along Pioneer Street in Mandaluyong City. The construction of the planned 2-phase residential condominium has commenced in March 2012. One tower of first phase was completed on September 2015.

The agreed contributions of the parties follow:

- a. The Parent Company: Road lot valued at ₱89 million and development costs amounting ₱1,390 million
- b. FLI: Development costs amounting ₱739 million
- c. HLPDC, an affiliate of FLI: Four (4) adjoining parcels of land valued at ₱739 million located along Pioneer St., Mandaluyong City, 21,109 sqm

Further, the sharing of saleable units (inventories) of real estate revenue, cost of real estate sales and any common expenses incurred, are as follows: the Parent Company-50% and FLI-50%. Based on the foregoing, the Parent Company accounted for the joint arrangement as a jointly controlled operations and accordingly, recognized its share in the installment contract receivables, subdivision land, condominium and residential units for sale, deposits to joint venture partners, accounts payable, real estate sales and cost of real estate sales of the joint operations.



On December 6, 2017, the Parent Company executed an addendum agreement with HLPDC and FLI to discontinue the development of Phase II.

The following were the agreements included in the addendum:

- a. The development of the Project shall be limited to Phase I;
- b. The discontinuance shall be without fault on either of the Parties. Accordingly, HLPDC and FLI shall reimburse RLC the amount of ₱193 million representing the non-development of four (4) towers of Phase II;
- c. Ownership and right of possession of the parcels of land corresponding to Phase II shall remain to be with HLPDC and shall be excluded from the provisions of the JVA.
- d. The perpetual right to use RLC's land contribution is limited to Phase I and to the adjacent properties owned by HLPDC, FLI or its affiliates.

The share of the Parent Company in the net assets and liabilities of the jointly controlled operations at December 31, 2020 and 2019 which are included in the consolidated financial statements follow:

Assets	2020	2019
Cash and cash equivalents	₱1,053,151,322	₱961,787,721
Receivables	889,403,010	507,047,094
Inventory	75,436,830	352,942,190
Other Assets	26,406,015	24,684,586
Total assets	₱2,044,397,177	₱1,865,003,978
Total liabilities	₱1,829,127,423	₱1,753,666,726

The following is the share of the Parent Company on the net income of the jointly controlled operations for the years ended December 31, 2020 and 2019:

	2020	2019
Realized sales	₱604,868,579	₱389,132,912
Interest and other income	42,922,612	25,890,660
	647,791,191	415,023,572
Cost of sales	366,728,271	314,067,343
General and administrative expenses	25,555,554	16,308,595
Income before income tax	255,507,366	84,647,633
Provision for income tax	40,237,612	21,079,580
Net income	₱215,269,754	₱63,568,053

Reconciliation of the carrying amount of investment in jointly controlled operations as of December 31, 2020 and 2019 is as follows:

	2020	2019
Beginning balance	₱92,794,865	₱61,010,838
Equity in net earnings	122,474,889	31,784,027
Carrying amount of investment	₱215,269,754	₱92,794,865

There were no dividends declared in 2020, 2019 and 2018.



31. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of short-term loans, loans payable, lease liabilities, deposit from lessees, receivables from affiliated companies, payables to affiliated companies, utility deposits, receivables and cash and cash equivalents. The main purpose of these financial instruments is to raise fund for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from its operations.

The main risks currently arising from the Group's financial instruments are foreign currency market risk, liquidity risk, interest rate risk and credit risk. The BOD reviews and approves policies for managing each of these risks and they are summarized below, together with the related risk management structure.

Risk Management Structure

The Group's risk management structure is closely aligned with that of the Parent Company. The BOD of the Parent Company and the respective BODs of each subsidiary are ultimately responsible for the oversight of the Group's risk management processes that involve identifying, measuring, analyzing, monitoring and controlling risks.

The risk management framework encompasses environmental scanning, the identification and assessment of business risks, development of risk management strategies, design and implementation of risk management capabilities and appropriate responses, monitoring risks and risk management performance, and identification of areas and opportunities for improvement in the risk management process.

Each BOD has created the board-level Audit Committee (AC) to spearhead the managing and monitoring of risks.

Audit Committee

The AC shall assist the Group's BOD in its fiduciary responsibility for the over-all effectiveness of risk management systems, and both the internal and external audit functions of the Group.

Furthermore, it is also the AC's purpose to lead in the general evaluation and to provide assistance in the continuous improvements of risk management, control and governance processes.

The AC also aims to ensure that:

- a. financial reports comply with established internal policies and procedures, pertinent accounting and audit standards and other regulatory requirements;
- b. risks are properly identified, evaluated and managed, specifically in the areas of managing credit, market, liquidity, operational, legal and other risks, and crisis management;
- c. audit activities of internal and external auditors are done based on plan, and deviations are explained through the performance of direct interface functions with the internal and external auditors; and
- d. the Group's BOD is properly assisted in the development of policies that would enhance the risk management and control systems.



Enterprise Risk Management Group (ERMG)

To systematize the risk management within the Group, the ERMG was created to be primarily responsible for the execution of the enterprise risk management framework. The ERMG's main concerns include:

- a. recommending risk policies, strategies, principles, framework and limits;
- b. managing fundamental risk issues and monitoring of relevant risk decisions;
- c. providing support to management in implementing the risk policies and strategies; and
- d. developing a risk awareness program.

Support groups have likewise been created to explicitly manage on a day-to-day basis specific types of risks like trade receivables, supplier management, etc.

Compliance with the principles of good corporate governance is also one of the objectives of the BOD. To assist the BOD in achieving this purpose, the BOD has designated a Compliance Officer who shall be responsible for monitoring the actual compliance with the provisions and requirements of the Corporate Governance Manual and other requirements on good corporate governance, identifying and monitoring control compliance risks, determining violations, and recommending penalties on such infringements for further review and approval of the BOD, among others.

Risk Management Policies

The main risks arising from the use of financial instruments are foreign currency risk, liquidity risk, interest rate risk and credit risk. The Group's policies for managing the aforementioned risks are summarized below.

Market risk

Foreign Currency Risk

Foreign currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises from financial instruments that are denominated in United States Dollar (USD) which result primarily from movement of the Philippine Peso (PHP) against the USD.

The Group does not have any foreign currency hedging arrangements.

The table below summarizes the Group's exposure to foreign currency risk:

	December 31, 2020		December 31, 2019	
Assets				
Cash and cash equivalents	\$3,003,011	₱144,213,560	\$900,147	₱45,578,947
Liabilities				
Accounts payable and accrued expenses	315,028	15,128,573	483,259	24,469,776
Net foreign currency-denominated assets	\$2,687,983	₱129,084,987	\$416,888	₱21,109,171
	December 31, 2020		December 31, 2019	
Assets				
Cash and cash equivalents	RMB 1,579,549,449	₱11,621,323,409	RMB659,901,092	₱4,798,668,758
Liabilities				
Accounts payable and accrued expenses	139,307,269	1,024,934,565	101,213,015	736,000,799
Net foreign currency-denominated assets	RMB 1,440,242,180	₱10,596,388,844	RMB558,688,077	₱4,062,667,959



	December 31, 2020		December 31, 2019	
Assets				
Cash and cash equivalents	SGD 4,670	₱169,637	SGD1,632	₱61,401

	December 31, 2020		December 31, 2019	
Assets				
Cash and cash equivalents	CAD 4,604	₱172,172	CAD2,470	₱95,608

The exchange rates used to translate the Group's USD-denominated assets and liabilities as of December 31, 2020 and 2019 follow:

	December 31, 2020	December 31, 2019
US Dollar - Philippine Peso exchange rate	₱48.02 to US\$1.00	₱50.64 to US\$1.00
Chinese Yuan - Philippine Peso exchange rate	₱7.36 to RMB1.00	₱7.27 to RMB1.00
Singapore Dollar - Philippine Peso exchange rate	₱36.32 to SGD1.00	₱36.32 to SGD1.00
Canadian Dollar - Philippine Peso exchange rate	₱37.40 to CAD1.00	₱38.72 to CAD1.00

The following table sets forth the impact of the range of reasonably possible changes in the USD-PHP exchange rate on the Group's income before income tax for the year ended December 31, 2020 and 2019.

Reasonably Possible Changes in USD-PHP Exchange Rates	Change in Income Before Income Tax
<u>December 31, 2020</u>	
2.0% PHP appreciation	(₱2,581,700)
2.0% PHP depreciation	2,581,700
<u>December 31, 2019</u>	
2.0% PHP appreciation	(₱422,182)
2.0% PHP depreciation	422,182
Reasonably Possible Changes in RMB-PHP Exchange Rates	Change in OCI
<u>December 31, 2020</u>	
2.0% PHP appreciation	(₱211,927,777)
2.0% PHP depreciation	211,927,777
<u>December 31, 2019</u>	
2.0% PHP appreciation	(₱81,253,359)
2.0% PHP depreciation	81,253,359
Reasonably Possible Changes in SGD-PHP Exchange Rates	Change in Income Before Income Tax
<u>December 31, 2020</u>	
2.0% PHP appreciation	(₱3,393)
2.0% PHP depreciation	3,393
<u>December 31, 2019</u>	
2.0% PHP appreciation	(₱1,228)
2.0% PHP depreciation	1,228



Reasonably Possible Changes in CAD-PHP Exchange Rates	Change in Income Before Income Tax
<u>December 31, 2020</u>	
2.0% PHP appreciation	(₱3,443)
2.0% PHP depreciation	3,443
<u>December 31, 2019</u>	
2.0% PHP appreciation	(₱1,912)
2.0% PHP depreciation	1,912

Sensitivity to foreign exchange rates is calculated on the Group's foreign currency denominated assets and liabilities, assuming a more likely scenario of foreign exchange rate of USD-PHP that can happen within 12 months after reporting date using the same balances of financial assets and liabilities as of reporting date.

The Group does not expect the impact of the volatility on other currencies to be material.

Liquidity risk

Liquidity risk is the risk arising from the shortage of funds due to unexpected events or transactions. The Group manages its liquidity profile to be able to finance the capital expenditures and service the maturing debts. To cover the financing requirements, the Group intends to use internally generated funds and proceeds from debt and equity offerings.

The following table summarizes the maturity profile of the Group's financial assets and financial liabilities as of December 31, 2020 and 2019, based on contractual undiscounted cash flows. The table also analyses the maturity profile of the Group's financial assets in order to provide a complete view of the Group's contractual commitments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates. Balances due within six (6) months equal their carrying amounts, as the impact of discounting is insignificant.

	December 31, 2020						Total
	On Demand	1 to 3 months	3 to 12 months	More than 1 year but less than 5 years	5 years or more		
<i>Financial assets at amortized cost</i>							
Cash and cash equivalents	₱1,108,520,005	₱12,895,738,779	₱-	₱-	₱-		₱14,004,258,784
Receivables							
Trade	4,343,805,976	2,761,423,117	6,440,516,961	5,675,489,844	1,185,941,016		20,407,176,914
Affiliated companies	1,029,848,891	-	-	-	-		1,029,848,891
Others	61,895,813	740,186,931	52,548,641	-	-		854,631,385
Other assets							
Restricted cash	4,006,791,007	-	-	-	-		4,006,791,007
Utility deposits	8,719,131	-	-	514,748,450	146,157,005		669,624,586
Total financial assets	₱10,559,580,823	₱16,397,348,827	₱6,493,065,602	₱6,190,238,294	₱1,332,098,021		₱40,972,331,567
<i>Financial liabilities</i>							
Accounts payable and accrued expenses	₱2,796,338,396	₱6,318,533,122	₱2,848,425,651	₱664,437,426	₱2,236,589,802		₱14,864,324,397
Payables to affiliated companies and others (included under Deposits and other current liabilities)	256,642,319	-	-	-	-		256,642,319
Deposits from lessees	-	1,428,487,668	1,556,490,880	1,716,701,000	1,546,956,716		6,248,636,264
Lease liabilities	-	34,153,724	104,842,182	630,780,039	5,736,218,935		6,505,994,880
Loans payable and future interest payment	-	990,253,166	7,784,983,750	43,839,906,815	3,924,629,754		56,539,773,485
Other financial liabilities	₱3,052,980,715	₱8,771,427,680	₱12,294,742,463	₱46,851,825,280	₱13,444,395,207		₱84,415,371,345



December 31, 2019						
	On Demand	1 to 3 months	3 to 12 months	More than 1 year but less than 5 years	5 years or more	Total
<i>Financial assets at amortized cost</i>						
Cash and cash equivalents	₱6,338,788,195	₱721,650,328	₱–	₱–	₱–	₱7,060,438,523
Receivables						
Trade	1,257,572,139	1,915,952,447	2,155,433,240	4,206,495,562	5,984,001,883	15,519,455,271
Affiliated companies	1,355,316,367	–	–	–	–	1,355,316,367
Others	35,316,134	697,396,765	67,020,060	–	–	799,732,959
Other assets						
Restricted cash	2,533,017,832	–	–	–	–	2,533,017,832
Utility deposits	8,417,364	–	–	510,878,279	233,501,843	752,797,486
Total financial assets	₱11,528,428,031	₱3,334,999,540	₱2,222,453,300	₱4,717,373,841	₱6,217,503,726	₱28,020,758,438
Accounts payable and accrued expenses	₱3,414,792,863	₱6,000,221,826	₱2,824,471,791	₱601,897,208	₱1,513,660,642	₱14,355,044,330
Payables to affiliated companies and others (included under Deposits and other current liabilities)	163,251,787	–	–	–	–	163,251,787
Deposits from lessees	–	1,432,862,955	1,495,736,314	1,764,874,057	1,406,670,869	6,100,144,195
Lease liabilities	–	31,534,814	96,802,877	589,327,721	5,953,173,907	6,670,839,319
Loans payable and future interest payment	–	9,168,537,285	1,010,879,696	28,726,359,279	4,697,440,697	43,603,216,957
Other financial liabilities	₱3,578,044,650	₱16,621,905,244	₱5,403,126,100	₱31,080,561,057	₱13,570,946,115	₱70,892,496,588

The Group seeks to manage its liquidity profile to be able to service its maturing debts and to finance capital requirements. The Group maintains a level of cash and cash equivalents deemed sufficient to finance operations. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund-raising activities. Fund-raising activities may include bank loans and capital market issues both onshore and offshore.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk for changes in market interest rates relates primarily to the Group's long-term debt obligation with a floating interest rate. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts, whenever it's advantageous to the Group.

The Group has no financial instruments with variable interest rates exposed to interest rate risk as of December 31, 2020 and 2019.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily from cash and cash equivalents and receivables).

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis. Customers credit risk is managed by each business unit subject to the Group's established policy, procedures and controls. Credit quality of a customer is assessed and individual credit limits are defined in accordance with this assessment. These measures result in the Group's exposure to impairment loss as not significant. For installment contract receivables, exposure to bad debt is not significant as title to real estate properties are not transferred to the buyers until full payment has been made and the requirement for remedial procedure is minimal given the profile of buyers.



Credit risk arising from rental income from leasing properties is primarily managed through a tenant selection process. Prospective tenants are evaluated on the basis of payment track record and other credit information. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Group security deposits and advance rentals which helps reduce the Group's credit risk exposure in case of defaults by the tenants. For existing tenants, the Group has put in place a monitoring and follow-up system. Receivables are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables. Regular meetings with tenants are also undertaken to assess paying capacity.

With respect to credit risk arising from the Group's financial assets, which comprise of cash and cash equivalents and receivables, 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. Credit risk from balances with banks and financial institution is managed by the Group's treasury department. Investments are only made with approved and credit worthy counterparties and within the credit limits assigned to each counterparty.

The changes in the gross carrying amounts of receivables from real estate sales and impact of COVID-19 pandemic did not materially affect the allowance for ECLs.

a. Credit risk exposure

The table below shows the gross maximum exposure to credit risk of the Group as of December 31, 2020 and 2019 without considering the effects of collaterals and other credit risk mitigation techniques:

	2020	2019
Cash and cash equivalents (net of cash on hand)	₱13,994,251,961	₱7,031,435,021
Receivables - net		
Trade receivables		
Installment contract receivable - at amortized cost	14,941,310,062	11,154,387,274
Installment contract receivable - at FVOCI	931,573,340	990,081,179
Rental receivables	2,435,594,930	1,008,736,134
Accrued rent receivable	1,834,791,308	1,672,789,954
Hotel operations	263,907,274	693,460,730
Affiliated companies	1,029,848,891	1,355,316,367
Other receivables	854,631,385	799,732,959
Other assets		
Restricted cash - escrow	4,006,791,007	2,533,017,832
Utility deposits	669,624,586	752,797,486
Financial assets at fair value through OCI	129,718,939	91,674,297
	₱41,092,043,683	₱28,083,429,233

The credit risk on installment contract receivables is 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.

Applying the expected credit risk model did not result in the recognition of an impairment loss for all financial assets at amortized cost in 2020 and 2019.



b. Risk concentrations of the maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Group's financial strength and undermine public confidence.

Given the Group's diverse base of counterparties, it is not exposed to large concentrations of credit risks.

c. Credit quality per class of financial assets

The table below shows the credit quality by class of financial assets as of December 31, 2020 and 2019, gross of allowance for credit and impairment losses:

	December 31, 2020						Total
	Neither Past Due Nor Impaired			Past Due but not Impaired	Past Due and Impaired		
	High Grade	Standard Grade	Substandard Grade				
Cash and cash equivalents (net of cash on hand)	₱13,994,251,961	₱-	₱-	₱-	₱-	₱13,994,251,961	
Receivables:							
Trade receivables							
Installment contract receivables - at amortized cost	12,806,030,730	-	-	2,135,279,332	19,000,000	14,960,310,062	
Installment contract receivables - at FVOCI	787,496,740	-	-	144,076,600	-	931,573,340	
Rental receivables	567,028,167	-	-	1,868,566,763	190,148,722	2,625,743,652	
Accrued rent receivables	1,834,791,308	-	-	-	-	1,834,791,308	
Hotel operations	64,245,015	-	-	199,662,259	3,778,978	267,686,252	
Affiliated companies	1,029,848,891	-	-	-	-	1,029,848,891	
Other receivables	854,631,385	-	-	-	-	854,631,385	
Other assets							
Restricted cash	4,006,791,007	-	-	-	-	4,006,791,007	
Utility Deposits	669,624,586	-	-	-	-	669,624,586	
Financial Assets at fair value through OCI	129,718,939	-	-	-	-	129,718,939	
	₱36,744,458,729	₱-	₱-	₱4,347,584,954	₱212,927,700	₱41,304,971,383	

	December 31, 2019						Total
	Neither Past Due Nor Impaired			Past Due but not Impaired	Past Due and Impaired		
	High Grade	Standard Grade	Substandard Grade				
Cash and cash equivalents (net of cash on hand)	₱7,031,435,021	₱-	₱-	₱-	₱-	₱7,031,435,021	
Receivables:							
Trade receivables							
Installment contract receivables - at amortized cost	10,850,174,053	-	-	304,213,221	19,000,000	11,173,387,274	
Installment contract receivables - at FVOCI	963,112,977	-	-	26,968,202	-	990,081,179	
Rental receivables	269,344,986	-	-	739,391,148	13,905,027	1,022,641,161	
Accrued rent receivables	1,672,789,954	-	-	-	-	1,672,789,954	
Hotel operations	506,461,162	-	-	186,999,568	14,771,574	708,232,304	
Affiliated companies	1,355,316,367	-	-	-	-	1,355,316,367	
Other receivables	799,732,959	-	-	-	-	799,732,959	
Other assets							
Restricted cash	2,533,017,832	-	-	-	-	2,533,017,832	
Utility deposits	752,797,486	-	-	-	-	752,797,486	
Financial assets at fair value through OCI	91,674,297	-	-	-	-	91,674,297	
	₱26,825,857,094	₱-	₱-	₱1,257,572,139	₱47,676,601	₱28,131,105,834	

High grade cash and cash equivalents are short-term placements and working cash fund placed, invested, or deposited in foreign and local banks belonging to the top ten (10) banks, including an affiliate bank, in the Philippines in terms of resources, profitability and credit standing.



High grade accounts, other than cash and cash equivalents, are accounts considered to be of high value. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits. Receivable from installment contract receivables are considered high grade as title of the real estate property of the subject receivable passes to the buyer once fully paid. Standard grade accounts are active accounts with propensity of deteriorating to mid-range age buckets. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

Substandard grade accounts are accounts which have probability of impairment based on historical trend. These accounts show propensity to default in payment despite regular follow-up actions and extended payment terms.

32. Financial Instruments

The carrying amount of cash and cash equivalents, trade receivables (except installment contract receivables), other receivables, utility deposits, receivable and payable to affiliated companies and accounts payable and accrued expenses are approximately equal to their fair values due to the short-term nature of the transaction.

Set out below is a comparison of carrying amounts and fair values of installment contract receivables, deposits from lessees and loans payable that are carried in the consolidated financial statements.

	December 31, 2020		December 31, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Installment contract receivable				
Measured at amortized cost	₱14,941,310,062	₱14,435,223,345	₱11,154,387,274	₱10,929,014,937
Measured at FVOCI	931,573,340	931,573,340	990,081,179	990,081,179
Equity investment at FVOCI	129,718,939	129,718,939	91,674,297	91,674,297
Utility deposits	669,624,586	617,242,771	752,797,486	651,367,441
Retentions payable	510,887,699	477,279,098	454,267,761	424,383,886
Deposits from lessees	6,248,025,012	5,884,371,416	6,100,144,195	5,535,394,216
Lease liabilities	1,977,448,113	1,742,281,832	1,935,884,238	1,586,920,563
Loans payable	53,603,778,783	56,539,773,485	34,715,272,176	43,603,216,957

The fair values of installment contract receivables, customers' deposits, retentions payable, lease liabilities and loans payable are based on the discounted value of future cash flows using the applicable rates for similar types of loans and receivables as of reporting date. The discount rates used range from 1.9% to 2.7% as of December 31, 2020 and 3.6% to 4.3% as of December 31, 2019.

The fair value of equity investments at FVOCI are based on discounted value of future cash flows using the applicable rate of 11.8% to 12.5% as of December 31, 2020.

Fair Value Hierarchy

The Group uses the following hierarchy for determining the fair value of financial instruments:

Level 1: - quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: - other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: - techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.



The fair value of installment contract receivables, deposits from lessees and loans payable disclosed in the consolidated financial statements is categorized within level 3 of the fair value hierarchy. There has been no reclassification from Level 1 to Level 2 or 3 category.

33. **Registration with the Board of Investments (BOI) and the Philippine Economic Zone Authority (PEZA)**

Certain operations of the Group are registered with the BOI and PEZA as preferred pioneer and non-pioneer activities. As registered enterprises, these consolidated subsidiaries are subject to some requirements and are entitled to certain tax and non-tax incentives which are considered in the computation of the provision for income tax.

Dusit Thani Mactan Cebu

The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “New Operator of Tourist Accommodation Facility (Dusit Thani Mactan Cebu)” on a Non-Pioneer status at a capacity of two hundred seventy two (272) rooms, under Certificate of Registration No. 2019-061 dated March 28, 2019. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from March 29, 2019 to March 28, 2023.

Summit Hotel Greenhills

The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “New Operator of Tourist Accommodation Facility (Summit Hotel Greenhills)” on a Non-Pioneer status at a capacity of one hundred (100) rooms, under Certificate of Registration No. 2019-093 dated May 15, 2019. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from July 2019 to June 2023.

Summit Hotel Naga

The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “New Operator of Tourist Accommodation Facility (Summit Hotel Naga)” on a Non-Pioneer status at a capacity of sixty (60) rooms, under Certificate of Registration No. 2020-210 dated October 28, 2020. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from March 2021 to February 2025.

Go Hotel Naga

The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “New Operator of Tourist Accommodation Facility (Go Hotel Naga)” on a Non-Pioneer status at a capacity of sixty eight (68) rooms, under Certificate of Registration No. 2020-211 dated October 28, 2020. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from March 2021 to February 2025.

Westin Manila Sonata Place

The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “New Operator of Tourist Accommodation Facility (Westin Manila Sonata Place Hotel)” on a Non-Pioneer status at a capacity of three hundred three rooms (303) rooms, under Certificate of Registration No. 2020-231 dated December 16, 2020. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from March 2022 to February 2026.



Go Hotel, Butuan

The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “New Operator of Tourist Accommodation Establishment (Hotel - Go Hotel, Butuan)” on a Non-Pioneer status at a capacity of one hundred four (104) rooms, under Certificate of Registration No. 2014-214 dated December 5, 2014. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from January 2015 to December 2019.

Axis Residences (Phase 1)-Tower A

The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “Mass Housing” on a Non-Pioneer status at a capacity of four hundred fifty six (456) units, under Certificate of Registration No. 2015-048 dated February 26, 2015. Under the terms of its registration, the Group is entitled to income tax holiday for a period of three (3) years from February 27, 2015 to February 26, 2018.

The Pearl Place - Tower B

The Parent Company is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “Mass Housing” on a Non-Pioneer status at a capacity of four hundred forty six (446) units, under Certificate of Registration No. 2016-159 dated August 3, 2016. Under the terms of its registration, the Group is entitled to income tax holiday for a period of three (3) years from October 2016 to October 2019.

Acacia Escalades-(Phase 2)-Building B

The Parent Company is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “Mass Housing” on a Non-Pioneer status at a capacity of two hundred eighty-six (286) units, under Certificate of Registration No. 2016-264 dated December 22, 2016. Under the terms of its registration, the Group is entitled to income tax holiday for a period of three (3) years from January 2018 to January 2021.

Axis Residences (Phase 1)-Tower B

The Parent Company is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “Mass Housing” on a Non-Pioneer status at a capacity of four hundred fifty-six (456) units, under Certificate of Registration No. 2016-263 dated December 22, 2016. Under the terms of its registration, the Group is entitled to income tax holiday for a period of three (3) years from August 2018 to August 2021.

Go Hotels Davao, Inc.

The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “New Operator of Tourist Accommodation Facility (Go Hotels Lanang - Davao City)” on a Non-Pioneer status at a capacity of one hundred eighty three (183) rooms, under Certificate of Registration No. 2015-266 dated December 3, 2015. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from January 2016 to December 2019.

Summit Hotel Tacloban

The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “New Operator of Tourist Accommodation Facility (Summit Hotel Tacloban)” on a Non-Pioneer status at a capacity of one hundred thirty eight (138) rooms, under Certificate of Registration No. 2017-236 dated August 16, 2017. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from April 2018 to March 2022.



Go Hotel, Iligan

The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “New Operator of Tourist Accommodation Establishment (Hotel - Go Hotel, Iligan)” on a Non-Pioneer status at a capacity of one hundred (100) rooms, under Certificate of Registration No. 2017-235 dated August 16, 2017. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from April 2018 to March 2022.

Robinsons Cyberpark

The Group is also registered with PEZA (beginning October 1, 2004) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution No. 00-262 dated August 17, 2003, for creating and designating 68,596 square meters of land located at EDSA corner Pioneer Street, Mandaluyong City as an IT Park to be known as The Robinsons Cyberpark. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Robinsons Cybergate Center

The Group is also registered with PEZA (beginning February 8, 2006) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution No. 00-262 dated August 17, 2003, for creating and designating 11,125 square meters of land located at Araneta Singcang St., Barrio Tangub, National Road, Bacolod City, Negros Occidental as an IT Park to be known as The Robinsons Cybergate Center. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Robinsons Place Lipa

The Group is also registered with PEZA (beginning November 3, 2006) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution No. 00-262 dated August 17, 2003, for creating and designating 65,399 square meters of land located at JP Laurel Highway, Mataas na Lupa, Lipa City, Batangas as an IT Park to be known as The Robinsons Place Lipa. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Robinsons Big Supercenter Cainta Junction

The Group is also registered with PEZA (beginning October 28, 2005) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution No. 00-262 dated August 17, 2003, for creating and designating 19,522 square meters of land located at Ortigas Avenue Extension, Cainta Junction, Cainta, Rizal as an IT Park to be known as The Robinsons Cyberpark. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Robinsons Luisita

The Group is also registered with PEZA (beginning December 10, 2008) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution No. 08-183 dated March 31, 2008, designating a building with a gross floor area of 9,025 square meters, which stands on a 12,703 square meter lot located at McArthur Highway, San Miguel, Tarlac as Information Technology (IT) Center, henceforth to be known as Robinsons Luisita. On January 5, 2017, the expansion of the existing Robinsons Luisita, specifically the construction of additional 3-storey office



building which shall increase the gross floor area of the IT Center from 9,025 square meters to 15,330.82 square meters, has also been registered with PEZA. Under the terms of its registration, the Group's expansion is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Robinsons Cybergate Naga

The Group is also registered with PEZA (beginning May 12, 2017) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as "The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations" and PEZA Board Resolution No. 15-715 dated December 17, 2015, for creating and designating a building, which stands on a 24,807-square meter, more or less, lot located at Naga Diversion Road corner Almeda Highway, Brangay Triangulo, Naga City as an IT Center, to be known as Robinsons Cybergate Naga. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Robinsons Cyberpark Davao

The Group is also registered with PEZA (beginning October 3, 2017) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as "The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations" and PEZA Board Resolution No. 16-377 dated June 28, 2016, for creating and designating 12,022 square meters, more or less, of land located along J.P. Laurel Avenue, Davao City as an IT Park, to be known as Robinsons Cyberpark Davao. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Robinsons Galleria Cebu

The Group is also registered with PEZA (beginning July 12, 2013) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as "The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations" and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 12-001 dated January 17, 2012, for creating and designating a building with an area of 46,345 square meters, more or less, located at General Maxilom Avenue, Cebu City as Information Technology (IT) Center, to be known as Robinsons Galleria Cebu. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives under RA 7916, as amended.

Robinsons Place Ilocos Norte Expansion

The Group is also registered with PEZA (beginning May 13, 2016) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as "The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations" and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 15-271 dated May 28, 2015, for creating and designating a building located at Barangay 1 San Francisco, San Nicolas, Ilocos Norte, with an aggregate land area of 26,537 square meters, more or less, as Information Technology (IT) Center, to be known as Robinsons Place Ilocos Norte Expansion. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Cyberscape Gamma

The Group is also registered with PEZA (beginning July 16, 2015) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as "The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations" and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 15-377 dated January 16, 2015, for creating and designating a building which stands on a 1,954.50 square meters, more or less, lot located at Topaz and Ruby Roads, Ortigas Center, Pasig City as Information Technology (IT) Center, to be known as Cyberscape Gamma.



Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives.

Robinsons Starmills Pampanga

The Group is also registered with PEZA (beginning September 11, 2007) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution No. 06-544 dated November 28, 2006, for creating and designating a building established on parcels of land containing an aggregate area of 238,324 square meters, more or less, located at Gapan-Olongapo Road, Brgy. San Jose, San Fernando, Pampanga as an Information Technology (IT) Center, to be known as Robinsons Starmills Pampanga. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives.

On May 23, 2017, the Group also registered for the construction, operation, and management of a 6-level building with a gross floor area of 12,503.25 square meters to be annexed into its existing Robinsons Starmills Pampanga IT Center under resolution No. 17-276. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime

Robinsons Summit Center

The Group is also registered with PEZA (beginning September 1, 2006) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 04-387 dated November 22, 2004, for creating and designating a building which stands on two parcels of land with an aggregate area of 2,430 square meters, more or less, lot located at 6783 Ayala Avenue, Salcedo Village, Barangay Bel-Air, Makati City, as Information Technology (IT) Building, to be known as JG Summit Center. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives.

Robinsons Equitable Tower

The Group is also registered with PEZA (beginning July 21, 2003) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 03-129 dated May 28, 2003, for creating and designating a 2,832 square meters parcel of land with an existing 43 storey condominium office building, located at ADB Avenue corner Poveda Street, Pasig city, as an Information Technology (IT) Zone to be known as Robinsons Equitable Tower. Under the terms of its registration, the Group, as the Developer/Operator of the IT Zone, shall not be entitled to PEZA incentives.

Cyberscape Alpha

The Group is also registered with PEZA (beginning January 4, 2013) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 11-665 dated November 25, 2011, for creating and designating a building located at Sapphire and Garnet Roads, Ortigas Center, Pasig City, as Information Technology (IT) Center, to be known as Cyberscape Alpha. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives.



Cyberscape Beta

The Group is also registered with PEZA (beginning November 22, 2012) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution No. 11-624 dated November 8, 2011, for creating and designating a building located at Topaz and Ruby Roads, Ortigas Center, Pasig City, containing an area of 1,955 square meter, more or less (a portion of Lot 2-C) as an Information Technology (IT) Center, henceforth to be known as Cyberscape Beta. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives.

Robinsons Cybergate Cebu

The Group is also registered with PEZA (beginning October 28, 2009) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 08-312 dated June 26, 2008, for creating and designating 4,772 square meter, more or less, of land located at Don Gil Street, Barangay Capitol Site, Cebu City, as an Information Technology Center, to be known as Robinsons Cybergate Cebu. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives.

Bridgetowne

The Group is also registered with PEZA (beginning June 26, 2015) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 13-182 dated March 22, 2013, for creating and designating several parcels of land located along C-5 Road, Ugong Norte, Quezon City, with an aggregate area of 79,222 square meters as Information Technology (IT) Park, to be known as Bridgetowne. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives.

Cyber Sigma

The Group is also registered with PEZA (beginning December 16, 2016) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution No. 15-027 dated January 30, 2015, for creating and designating a building with a gross floor area of 79,124.33 square meters as an Information Technology Center to be known as the Cyber Sigma which stands on a parcel of land located along Lawton Avenue, Bonifacio South, Taguig City containing an aggregate area of 5,000 square meters more or less. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives.

Robinsons Luisita 2

The Group is also registered with PEZA (beginning June 25, 2020) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution No. 19-004 dated January 16, 2019, for the declaration of a 2-storey building (with roofdeck) with gross floor area of 5,033.35 square meters, more or less, located at McArthur Highway, San Miguel, Tarlac City, as Special Economic Zone (Information Technology (IT) Center) to be known as Robinsons Luisita 2. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.



Robinsons Luisita 3

The Group is also registered with PEZA (beginning March 4, 2021) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution No. 19-429 dated August 29, 2019, for creating and designating a building with a gross floor area of 6,737.45 square meters, more or less, and the parcel of land upon which the building stands with an area of 3,254.73 square meters, located along McArthur Highway, San Miguel, Tarlac City as an Information Technology (IT) Center - Special Economic Zone to be known as Robinsons Luisita 3. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Robinsons Cybergate Magnolia

The Group is also registered with PEZA (beginning April 12, 2019) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution No. 17-101 dated February 21, 2017 as amended by Board Resolution No. 18-244 dated May 22, 2018, for the declaration of a proposed building, which shall stand on a 2,076.43 square meters, more or less, lot located at Aurora Boulevard corner Dona Hemady Street, Quezon City, as Information Technology (IT) Center, to be known as Robinsons Cybergate Magnolia. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives.

Robinsons Place Dasmaringas

The Group is also registered with PEZA (beginning November 28, 2008) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 08-081 dated February 15, 2008, for creating and designating a building with an area of 45,581 square meters, more or less, located at Aguinaldo Highway cor. Governor's Drive, Sitio Pala-pala, Brgy. Sampaloc, Dasmaringas, Cavite as Information Technology (IT) Center, to be known as Robinsons Place Dasmaringas. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives under RA 7916, as amended.

Robinsons Otis

The Group is also registered with PEZA (beginning June 05, 2008) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 07-141 dated April 18, 2007, for creating and designating a building with an area of 32,976 square meters, more or less, located at Paz Mendiola Guanzon Street, Paco, Manila as Information Technology (IT) Center, to be known as Robinsons Otis. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives under RA 7916, as amended.

Robinsons Cagayan De Oro

The Group is also registered with PEZA (beginning May 09, 2008) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 07-465 dated October 10, 2007, for creating and designating a building with an area of 18,450 square meters, more or less, located at Rosario Crescent corner Florentino Street, Limketkai Center, Cagayan de Oro City as Information Technology (IT) Center, to be known as Robinsons Cagayan De Oro. Under the terms of its registration, the Group, as the



Developer/Operator of the IT Center, shall not be entitled to PEZA incentives under RA 7916, as amended.

Robinsons Place Sta. Rosa

The Group is also registered with PEZA (beginning February 07, 2008) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 06-545 dated November 28, 2006, for creating and designating a building with an area of 37,382 square meters, more or less, located at Brgy. Tagapo, Sta. Rosa, Laguna as Information Technology (IT) Center, to be known as Robinsons Place Sta. Rosa. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives under RA 7916, as amended.

Robinsons Place Iloilo

The Group is also registered with PEZA (beginning June 12, 2007) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 07-057 dated February 13, 2007, for creating and designating a building with an area of 78,158 square meters, more or less, located at Ledesma St., Iloilo City as Information Technology (IT) Center, to be known as Robinsons Place Iloilo. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives under RA 7916, as amended.

Robinsons Place Novaliches

The Group is also registered with PEZA (beginning December 07, 2004) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 04-211 dated June 25, 2004, for creating and designating a building with an area of 55,765 square meters, more or less, located at 1199 Quirino Highway corner Maligaya Road, Barangay Pasong Putik, Novaliches, Quezon City as Information Technology (IT) Center, to be known as Robinsons Place Novaliches. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives under RA 7916, as amended.

34. Commitments and Contingencies

Operating Lease Commitments - Group as Lessor

The Group has entered into commercial property leases on its investment property portfolio. These noncancellable leases have remaining noncancellable lease terms of between one (1) and ten (10) years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions. The lease contracts also provide for the percentage rent, which is a certain percentage of actual monthly sales or minimum monthly gross sales, whichever is higher. Total rent income amounted to ₱10,617 million, ₱15,420 million and ₱13,548 million for the years ended December 31, 2020, 2019 and 2018, respectively. Total percentage rent recognized as income for the years ended December 31, 2020, 2019 and 2018 amounted to ₱2,302 million, ₱3,867 million and ₱3,515 million, respectively.



Future minimum rentals receivable under noncancellable operating leases follows:

	December 31	
	2020	2019
Within one (1) year	₱14,080,096,258	₱14,346,692,713
After one (1) year but not more than five (5) years	15,320,496,749	17,739,106,757
After more than five (5) years	1,443,106,385	5,146,915,176
	₱30,843,699,392	₱37,232,714,646

In 2020, the Group granted rent concessions to its tenants which were affected by the community quarantine imposed by the government amounting to ₱3,475 million. These rent concessions did not qualify as a lease modification, thus, were accounted for as a variable lease payments and reported as reduction of lease income in 2020 (see Note 4).

Finance Lease Commitments - Group as Lessor

The Group has significantly entered into residential property leases on its residential condominium unit's portfolio. These leases have lease period of five (5) to ten (10) years and the lessee is given the right to purchase the property anytime within the lease period provided that the lessee any arrears in rental payment, condominium dues and other charges.

Future minimum lease payments under finance lease with the present value of future minimum lease payment as of December 31, 2020 and 2019 follow:

	December 31, 2020	
	Minimum Lease Payments	Present Value of Minimum Lease Payments
Within one (1) year	₱656,523,582	₱644,097,650
After one (1) year but not more than five (5) years	275,049,758	256,955,689
After more than five (5) years	-	-
Total minimum lease payments	₱931,573,340	₱901,053,339

	December 31, 2019	
	Minimum Lease Payments	Present Value of Minimum Lease Payments
Within one (1) year	₱527,064,357	₱508,606,027
After one (1) year but not more than five (5) years	288,662,164	256,322,263
After more than five (5) years	78,023,547	63,354,682
Total minimum lease payments	₱893,750,068	₱828,282,972

Group as a Lessee

The Group has lease contracts for various parcels of land used in its operations. Leases of land generally have lease terms between 25 and 50 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.



Right-of-Use Assets

The rollforward analysis of this account as of December 31, 2020 and 2019 follows:

	2020	2019
Cost		
At January 1	₱1,380,551,088	₱1,380,551,088
Accumulated Depreciation and Amortization		
At January 1	208,446,393	152,182,104
Depreciation (Note 24)	59,801,929	56,264,289
At December 31	268,248,322	208,446,393
Net book value	₱1,112,302,766	₱1,172,104,695

Lease liabilities

The rollforward analysis of this account as of December 31, 2020 and 2019 follows:

	2020	2019
At January 1	₱1,935,884,238	₱1,888,807,393
Interest expense (Note 26)	147,011,090	145,565,692
Payments	(105,447,215)	(98,488,847)
As at December 31	₱1,977,448,113	₱1,935,884,238
Current lease liabilities (Note 15)	₱37,296,745	₱36,016,214
Noncurrent lease liabilities (Note 17)	₱1,940,151,368	₱1,899,868,024

The following are the amounts recognized in the consolidated statement of comprehensive income:

	2020	2019
Depreciation expense of right-of-use assets	₱59,801,929	₱56,264,289
Interest expense on lease liabilities	147,011,090	145,565,692
Variable lease payments (included in general and administrative expenses) (Note 23)	14,022,060	16,184,587
	₱220,835,079	₱218,014,568

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised (see Note 4).

Future minimum rentals payable under noncancellable operating leases are as follows:

	December 31	
	2020	2019
Within one (1) year	₱138,995,906	₱128,337,691
After one (1) year but not more than five (5) years	630,780,039	589,327,721
After more than five (5) years	5,736,218,935	5,953,173,907
	₱6,505,994,880	₱6,670,841,338

Capital Commitments

The Group has contractual commitments and obligations for the construction and development of investment properties and property and equipment items aggregating ₱15,155 million and ₱10,338 million as of December 31, 2020 and 2019, respectively. Moreover, the Group has



contractual obligations amounting to ₱7,386 million and ₱5,622 million as of December 31, 2020 and 2019, respectively, for the completion and delivery of real estate units that have been presold.

Contingencies

The Group has various collection cases or claims against or from its customers and certain tax assessments, arising in the ordinary conduct of business which are either pending decision by the courts or being contested, the outcome of which are not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Group's financial position and results of operations. The Group does not believe that such assessments will have a material effect on its operating results and financial condition. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the outcome of pending assessments.

35. Notes to the Consolidated Statements of Cash Flows

The Group's noncash activities pertain to the following:

2020

- Transfers from investment properties to subdivision land, condominium and residential units for sale amounted to ₱824 million (see Notes 9 and 11).
- Transfers from property and equipment to investment properties amounted to ₱693 million (see Notes 11 and 12).
- Transfers from other current assets to investment properties amounting to ₱25 million (see Notes 10 and 11).
- The Group has remaining unpaid cash dividend amounting to ₱45 million as of December 31, 2020 (see Note 14).
- Total accretion of interest in 2020 for loans, lease liabilities and security deposits amounted to ₱1,430 million, ₱147 million and ₱82 million, respectively (see Notes 16, 26 and 34).

2019

- Transfers from investment properties to subdivision land, condominium and residential units for sale amounted to ₱318 million (see Notes 9 and 11).
- Transfers from investment properties to property and equipment amounted to ₱102 million (see Notes 11 and 12).
- Transfers from subdivision land, condominium and residential units for sale to property and equipment amounted to ₱132 million (see Notes 9 and 12).
- Transfers from other current assets to investment properties amounting to ₱33 million (see Notes 10 and 11).
- Total accretion of interest in 2019 for loans and security deposits amounted to ₱836 million and ₱76 million, respectively (see Notes 16, 26 and 34).

2018

- Transfers from investment properties to subdivision land, condominium and residential units for sale amounted to ₱2,072 million (see Notes 9 and 11).
- Transfers from investment properties to other current assets amounted to ₱3 million (see Notes 10 and 11).
- Transfers from other current assets to investment properties amounting to ₱1,458 million (see Notes 10 and 11).



- Total accretion of interest in 2019 for loans, lease liabilities and security deposits amounted to ₱1,907 million and ₱73 million, respectively (see Notes 16, 26 and 34).

Details of the movement in cash flows from financing activities follow:

	For the Year Ended December 31, 2020					
	January 1, 2020	Cash flows	Non-cash Changes			December 31, 2020
			Foreign exchange movement	Changes on fair values	Other	
Loans payable	₱34,715,272,176	₱19,035,280,000	₱-	₱-	(₱146,773,393)	₱53,603,778,783
Lease liabilities	1,935,884,238	(105,447,215)	-	-	147,011,090	1,977,448,113
Short term loans	8,491,700,000	(8,491,700,000)	-	-	-	-
Advances for marketing and promotional fund and others	454,564,332	27,579,097	-	-	-	482,143,429
Accrued interest payable	321,061,312	(1,175,776,834)	-	-	1,429,987,739	575,272,217
Payables to affiliated companies and others	163,251,787	93,390,532	-	-	-	256,642,319
Dividends payable	43,287,603	(2,605,432,058)	-	-	2,607,205,343	45,060,888
Total liabilities from financing activities	₱46,125,021,448	₱6,793,636,495	₱-	₱-	₱4,021,687,806	₱56,940,345,749

	For the Year Ended December 31, 2019					
	January 1, 2019	Cash flows	Non-cash Changes			December 31, 2019
			Foreign exchange movement	Changes on fair values	Other	
Loans payable	₱36,488,539,001	(₱1,806,127,328)	₱-	₱-	₱32,860,503	₱34,715,272,176
Lease liabilities	1,888,807,393	(98,488,847)	-	-	145,565,692	1,935,884,238
Short term loans	896,700,000	7,595,000,000	-	-	-	8,491,700,000
Advances for marketing and promotional fund and others	466,576,140	(12,011,808)	-	-	-	454,564,332
Accrued interest payable	322,322,878	(908,519,292)	-	-	907,257,726	321,061,312
Payables to affiliated companies and others	245,560,778	(83,852,149)	-	-	1,543,158	163,251,787
Dividends payable	43,304,321	(2,602,812,061)	-	-	2,602,795,343	43,287,603
Total liabilities from financing activities	₱40,351,810,511	₱2,083,188,515	₱-	₱-	₱3,690,022,422	₱46,125,021,448

Other includes amortization of debt issue cost, declaration of dividends and accrual of interest expense on loans.

36. Other Matters

COVID-19 Pandemic

Following the outbreak of the coronavirus disease that started in Wuhan, Hubei, China, on January 30, 2020, the World Health Organization declared the 2019 coronavirus disease (“COVID-19”) outbreak a Public Health Emergency of International Concern, and subsequently, with the continued increase in the number of confirmed cases throughout the world, a pandemic on March 11, 2020.

In response to the pandemic, the Philippine government took actions and implemented quarantine measures at varying degrees starting March 16, 2020 which mandated the temporary closure and/or reduction in operating capacity of non-essential shops and businesses, prohibited mass gatherings and all means of public transportation, and restricted traveling through air, sea and land in and out of country, except by diplomats and uniformed workers (carrying medical supplies), among others. These measures have disrupted supply chains, business operations, and workplace structures, forcing a shift in priorities and short-term strategies.



With public health and safety in mind and in full cooperation with the government, the Group's malls and offices remained open to support establishments offering essential services, such as groceries, pharmacies, banks, and IT-Business Process Management (IT-BPM) firms; while the Group's residential teams worked relentlessly to ensure safety and security across condominium properties. Likewise, the Group's hotels served as temporary homes for returning Overseas Filipino Workers (OFWs) and guests under quarantine; while industrial facilities continued to operate under business-as-usual conditions.

The Group also institutionalized heightened cleanliness standards and invested in contactless technologies to minimize health and safety risks. While the ensuring business continuity, employee welfare and protection remained of utmost priority with the adoption of remote work arrangements and a digital workplace.

Furthermore, the Group has rolled out innovative solutions in response to the changed business landscape. For the Commercial Centers Division, together with its e-commerce platform, Robinsons Malls' 'Pickup Station', 'RDelivery', and 'RPersonal Shopper' were launched to facilitate worry-free shopping experiences while enabling partner tenants to expand consumer reach. The Office Buildings Division continued to expand its 'work.able' brand to capitalize on the growing demand for flexible workspaces. The Hotels and Resorts Division launched 'Working-On-the-Go Private Offices' to offer affordable private office packages for the growing work-at-home population and 'Just-Got-Home' program which primarily attracted urban professionals looking for a budget-friendly place that is in close proximity to their workplaces and other key establishments.

The Group is cognizant of COVID-19's potential material impact on its financial performance, the execution of its plans and strategies, and its customers and employees should the situation persist in the longer-term. Nevertheless, the Group expects to regain its significant foothold in the market it operates in as movement restrictions ease and as consumer sentiment recovers. Furthermore, despite unprecedented headwinds, the Group's financial position remains stable and strong on the back of its well-balanced and diversified business portfolio.

Property-for-share swap transaction with a subsidiary

In March 2021, the Board of Directors approved in principle the transfer of some of the Parent Company's assets to Robinsons Realty Management Corporation, a subsidiary, in exchange for the latter's shares in property-for-share swap transaction through the execution of a Deed of Assignment. Final terms of the property-for-share swap will still be determined and will be subject for further approval by the Board and regulatory bodies.

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

On March 26, 2021, Pres. Rodrigo Duterte signed into law the CREATE Act which eyes to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems which will take effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation, which will be on April 11, 2021. For the detailed discussion of the CREATE Act, refer to Note 27.

Joint Venture Agreement for the Establishment of a Joint Venture Company

On February 16, 2021, the BOD of the Parent Company approved the execution of a joint venture agreement for the establishment of a joint venture company (JVC) in the Philippines and the investment of up to 20% of the share capital and voting rights of the JVC which will operate a digital bank in the country, subject to approval of the Bangko Sentral ng Pilipinas.

Joint Venture agreement has not yet been executed as of March 30, 2021.

