COVER SHEET

A S 9 4 0 0 7 1 6 0

SEC Registration Number

ARTHALAND CORPORATION

(Company's Full Name)

7F ARTHALAND CENTURY PACIFIC TOWER, 5TH AVENUE CORNER 30TH STREET, BONIFACIO GLOBAL CITY, TAGUIG CITY, 1634

(Business Address: No. StreetCity/Town/Province)

Atty. Riva Khristine V. Maala

(Contact Person)

(+632) 8403-6910

(Company Telephone Number)

1 2	3 1	**DEFINITIVE** 2 0 - I S	0 6	2 5
Month	*Day*	(Form Type)	*Month*	*Day*
(Fiscal Year)		**2021**	(Annual Meeting)	

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

1,936

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

ARTHALAND
BUILDING SUSTAINABLE LEGACIES

NOTICE
OF
ANNUAL STOCKHOLDERS' MEETING

NOTICE is hereby given that the **2021** annual stockholders' meeting of **ARTHALAND CORPORATION** will be held on **25 June 2021, Friday**, **8:30 A.M.** and will be convened by the Presiding Officer in Taguig City through remote communication.

The Agenda for the meeting is as follows:

1. Call to Order
2. Secretary's Proof of Due Notice of the Meeting and Determination of Quorum
3. Approval of Minutes of the Annual Stockholders' Meeting held on 26 June 2020
4. Notation of Management Report
5. Ratification of Acts of the Board of Directors and Management During the Previous Year
6. Election of Directors (including Independent Directors)
7. Appointment of External Auditor for 2021
8. Other Matters
9. Adjournment

Only stockholders of record on **01 June 2021** will be entitled to further notice of and to vote at this meeting. Electronic copies of the Information Statement which will include the manner of conducting the meeting and the process on how one can join the same, as well as vote *in absentia*, among other relevant documents, will be made available in www.arthaland.com and the Electronic Disclosure Generation Technology of the Philippine Stock Exchange (PSE EDGE).

WE ARE NOT SOLICITING YOUR PROXY. However, if you cannot personally attend the meeting or participate through remote communication but would still like to be represented thereat and be considered for quorum purposes, you may inform the Office of the Corporate Secretary at the address indicated below or through investor.relations@arthaland.com not later than **18 June 2021 (Friday)**. You will thereafter be advised the following business day of any further action on your part, which may include accomplishing a proxy.

RIVA KHRISTINE V. MAALA
Corporate Secretary

ARTHALAND CORPORATION
Head Office, 7F Arthaland Century Pacific Tower
5TH Avenue corner 30TH Street, Bonifacio Global City
1634 Taguig City, Philippines

(+632) 8 403 6910 | www.arthaland.com

SECURITIES AND EXCHANGE COMMISSION

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

1. **DEFINITIVE Information Statement**

2. Name of Registrant as specified in its charter: **ARTHALAND CORPORATION**

3. **Metro Manila, Philippines**
   Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number: **ASO-94-007160**

5. BIR Tax Identification Number: **126-004-450-721**

6. **7/F Arthaland Century Pacific Tower, 5th Avenue corner 30th Street, Bonifacio Global City, Taguig City** **1634**
   Address of Principal Office Postal Code

7. **(+632) 8403-6910**
   Registrant's telephone number, including area code

8. **Not Applicable**
   Former name, former address and former fiscal year, if changed since last report

9. **25 June 2021, 8:30 A.M., *Via* Zoom® Webinar**
   Date, time and place of the meeting of security holders

10. **04 June 2021**
    Approximate date on which the Information Statement is first to be sent or given to security holders

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

Title of Each Class	Number of Shares of Stock Outstanding	Amount of Debt Outstanding
Common	**5,318,095,199 (₱0.18 par value)**	**None**
Preferred Series A	**12,500,000 (₱1.00 par value)**	**None**
Preferred Series B	**20,000,000 (₱1.00 par value)**	**None**
Preferred Series C	**10,000,000 (₱1.00 par value)**	**None**
ASEAN Green Bonds	**None**	**₱3,000,000,000.00**

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

    Yes [x] No [ ]

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

    Philippine Stock Exchange **Common Shares and Preferred Shares Series B and Series C**

WE ARE NOT ASKING YOU FOR A PROXY
AND YOU ARE REQUESTED NOT TO SEND US A PROXY

A. GENERAL INFORMATION

ITEM 1. Date, Time and Place of ANNUAL STOCKHOLDERS' MEETING of Security Holders

a. Date : 25 June 2021 (Friday)
Time : 8:30 A.M.
Venue : Taguig City through remote communication

Stockholders must register at

https://us02web.zoom.us/webinar/register/WN_QQazMR68So64h2RfEFHMwg

to enable them to participate during the meeting. Registration will open on 02 June 2021.

Those who cannot personally attend the meeting or participate through remote communication but would still like to be represented thereat and be considered for quorum purposes may inform the Office of the Corporate Secretary at the address indicated below or through investor.relations@arthaland.com not later than 18 June 2021 (Friday), and will be advised the following business day of any further action necessary, which may include the execution of a proxy, a draft of which is available at www.arthaland.com.

b. Principal Address of Issuer: 7/F Arthaland Century Pacific Tower
5th Avenue corner 30th Street
Bonifacio Global City, Taguig City 1634

c. The approximate date on which the Information Statement is first sent or given to security holders is 04 June 2021.

ITEM 2. Dissenters' Right of Appraisal

The stockholders' right of appraisal is given under the instances provided in Section 80, Title X, Appraisal Right, of the Revised Corporation Code of the Philippines.

For the valid exercise of the appraisal right, **ARTHALAND CORPORATION** adopts the procedure laid down in the Revised Corporation Code.

In the forthcoming Annual Stockholders' Meeting, there are no matters or proposed corporate actions which may give rise to a possible exercise by stockholders of their appraisal rights under Title X of the Revised Corporation Code.

ITEM 3. Interest of Certain Persons in or Opposition to Matters to be acted upon

While certain persons may have interest in the matters to be acted upon in the meeting, Arthaland has not received as of the date of this Information Statement any written information from any Director, nominee or stockholder with respect to any intention to oppose any action to be taken up at the meeting. Further, there is no matter to be acted upon in the meeting in which any Director or Executive Officer of Arthaland is involved, or had a direct, indirect or substantial interest.

B. CONTROL AND COMPENSATION INFORMATION

ITEM 4. Voting Securities and Principal Holders Thereof

a. **Class entitled to vote (as of 30 April 2021)**

Class of Shares	No. of Shares	Shares Owned by Foreigners	Voting Rights
Common Shares	5,318,095,199	Chinese – 71,775 (0.0013%) British – 464,725 (0.0087%) Others – 13,392,835 (0.2518%) Total – 13,929,335 (0.2619%)	One (1) vote per share
Preferred Shares Series A	12,500,000	0 (0%)	None[1]
Preferred Shares Series B	20,000,000	174,870 (0.8744%)	None[2]
Preferred Shares Series C	10,000,000	24,500 (0.2450%)	None[3]

Only Common shares are entitled to vote on the items to be presented during the meeting.

b. All stockholders of record at the close of business on 01 June 2021 will be entitled to notice of and to vote at the Annual Stockholders' Meeting. The electronic copy of this Information Statement which includes the manner of conducting the meeting and the process on how one can join the same, as well as vote through proxy, remote communication or *in absentia*, among other relevant documents, is available in www.arthaland.com and in the Electronic Disclosure Generation Technology of the Philippine Stock Exchange (PSE EDGE).

c. **Cumulative Voting Rights**

Section 4, Article II of Arthaland's By-laws provides, as follows:

> "At all stockholders' meetings, every stockholder entitled to vote in accordance with Section 4 of Article VI of these By-laws shall be entitled to one (1) vote for each share of voting stock standing in his name in the proper

[1] Section 6, Revised Corporation Code
[2] *Ibid.*
[3] *Id.*

book of the Corporation at the time of closing thereof for the purpose of the meeting.

"The right to vote of stockholders may be exercised in person, through proxy or remote communication, *in absentia*, or through such alternative modes as may be provided by applicable laws and regulations.

"At every election of directors, each stockholder entitled to vote during the meeting in accordance with Section 4 of Article VI of these By-laws is entitled to one (i) vote for each share of stock held by him for as many persons as there are directors to be elected, or to cumulate said shares and give one (1) candidate as many votes as the number of directors multiplied by the number of his share shall equal, or to distribute such votes on the same principle among as many candidates as he shall think fit."

The total number of votes to be cast by the stockholder must not exceed the number of shares owned by him/it as shown in the books of Arthaland multiplied by the whole number of directors to be elected.

d. **Security Ownership of Certain Record and Beneficial Owners and Management**

(1) Security Ownership of Certain Record and Beneficial Owners of more than 5% of the Voting Shares (As of 30 April 2021)

Title of Class	*Name and Address of Record Owners, Relationship with Issuer*	*Name of Beneficial Owner and Relationship to Record Owner*	*Citizenship*	*Number of Shares*	*% Held*
Common	CPG Holdings, Inc. Stockholder Suite 701-706, 7th Floor, Centerpoint Condominium, J. Vargas corner Garnet Road, Ortigas Center, Pasig City	Christopher Paulus Nicolas T. Po, Stockholder Leonardo Arthur T. Po, Stockholder Teodoro Alexander T. Po. Stockholder	Filipino	2,017,619,910 Direct 125,000,000 Indirect	40.289
Common	AO Capital Holdings I, Inc. Stockholder 7/F Arthaland Century Pacific Tower, 5th Avenue corner 30th Street, Bonifacio Global City, Taguig City	Jaime C. Gonzalez, Stockholder	Filipino	1,383,730,000 Direct	26.019

There are no other participants who own 5% or more of the voting securities of Arthaland.

(2) Security Ownership of Management (As of 30 April 2021)

Below are the shares held or acquired directly and indirectly by the directors and executive officers of Arthaland.

Title of Class	*Name of Beneficial Owner*	*No. of Shares & Nature of Ownership*	*Citizenship*	*% of Class*
Common	**Ernest K. Cuyegkeng** *Chairman of the Board*	1 Direct and Beneficial Owner	Filipino	0.00 %
Common	**Jaime C. Gonzalez** *Vice Chairman and President*	76,715,151 Direct and Beneficial Owner[4]	Filipino	0.00 %
Common	**Jaime Enrique Y. Gonzalez** *Director*	1 Direct and Beneficial Owner	Filipino	0.00 %
Common	**Christopher Paulus Nicolas T. Po** *Director*	1 Direct and Beneficial Owner[5]	Filipino	0.00 %
Common	**Leonardo Arthur T. Po** *Director/EVP and Treasurer*	1 Direct and Beneficial Owner[6]	Filipino	0.00 %
Common	**Ricardo Gabriel T. Po** *Director/Vice Chairman*	1 Direct and Beneficial Owner	Filipino	0.00 %
Common	**Fernan Victor P. Lukban** *Independent Director*	1 Direct and Beneficial Owner	Filipino	0.00 %
Common	**Hans B. Sicat** *Independent Director*	1 Direct and Beneficial Owner	Filipino	0.00 %
Common	**Andres B. Sta. Maria** *Independent Director*	1 Direct and Beneficial Owner	Filipino	0.00 %
None	**Riva Khristine V. Maala** *Corporate Secretary and General Counsel*	0	Filipino	N.A.

	TOTAL	**76,715,159**		

[4] Mr. Gonzalez is the beneficial owner of AO Capital Holdings 1, Inc., a stockholder of Arthaland.
[5] Mr. Christopher T. Po is one of the beneficial owners of CPG Holdings, Inc., a stockholder of Arthaland.
[6] Mr. Leonardo T. Po is one of the beneficial owners of CPG Holdings, Inc., a stockholder of Arthaland.

None of the present directors and officers works for the government.

(3) Voting Trust Holders of 5% or More

There are no voting trust holders registered in the books of Arthaland.

(4) Changes in Control

During the Annual Stockholders' Meeting held on 26 June 2020, the stockholders elected the following as the members of its Board of Directors for the year 2020-2021 to hold office as such and until their respective successors are duly nominated, elected and qualified:

Regular Directors

1. Mr. Ernest K. Cuyegkeng
2. Mr. Jaime C. Gonzalez
3. Mr. Jaime Enrique Y. Gonzalez
4. Mr. Christopher Paulus Nicolas T. Po
5. Mr. Leonardo Arthur T. Po[7]
6. Mr. Ricardo Gabriel T. Po

Independent Directors

7. Mr. Fernan Victor P. Lukban
8. Mr. Hans B. Sicat, and
9. Mr. Andres B. Sta. Maria

During the Organizational Meeting of the Board of Directors held immediately after the said Annual Stockholders' Meeting, the following were elected as officers for the year 2020-2021 to hold office as such and until their respective successors are duly nominated, elected and qualified, to wit:

Chairman	Mr. Ernest K. Cuyegkeng
Vice Chairman and President	Mr. Jaime C. Gonzalez
Vice Chairman	Mr. Ricardo Gabriel T. Po
Treasurer	Mr. Leonardo Arthur T. Po[8]
Corporate Secretary	Ms. Riva Khristine V. Maala

ITEM 5. Directors, including Independent Directors, and Executive Officers

a. **Incumbent Directors and Positions Held/Business Experience for the Past Five (5) Years**

The following are the members of the Board of Directors for the term 2020-2021 and until their successors shall have been elected and qualified in accordance with the By-laws of Arthaland:

Name of Director	Directorship	Date of First Appointment	Age
Ernest K. Cuyegkeng	Non-Executive	21 May 2007	75
Jaime C. Gonzalez	Executive	21 May 2007	75
Jaime Enrique Y. Gonzalez	Non-Executive	24 June 2011	44
Christopher Paulus Nicolas T. Po	Non-Executive	24 June 2011	50

[7] On 05 May 2021, Mr. Leonardo Arthur T. Po tendered his resignation as a Director effective 31 May 2021.
[8] On 05 May 2021, Mr. Leonardo Arthur T. Po tendered his resignation as Executive Vice President and Treasurer effective 31 May 2021. The Board of Directors appointed Mr. Cornelio S. Mapa, Jr. as Treasurer and Executive Vice President effective 01 June 2021.

Leonardo Arthur T. Po	Executive	01 August 2016	44
Ricardo Gabriel T. Po	Non-Executive	28 March 2012	53
Fernan Victor P. Lukban	Independent	25 April 2011[9]	60
Hans B. Sicat	Independent	30 June 2017	60
Andres B. Sta. Maria	Independent	24 June 2016	72

Ernest K. Cuyegkeng, Filipino, is presently the Executive Vice President/Chief Financial Officer and Director of A. Soriano Corporation. His other concurrent positions include being the President and Director of Phelps Dodge Philippines International, and a Director of Seven Seas Resorts & Leisure, Prople, KSA Realty, TO Insurance, Sumifru Singapore and Sumifru Philippines. He is also a Trustee of Andres Soriano Foundation and is a member of the Makati Business Club, Management Association of the Philippines and Financial Executive Institute of the Philippines. He holds a Bachelor of Arts degree in Economics and a Bachelor of Science degree in Business Administration, both from the De La Salle University. He also obtained a Masters degree in Business Administration from the Columbia Graduate School of Business in New York.

Jaime C. González, Filipino, presently the Vice Chairman and President of Arthaland, is a graduate of Harvard Business School (MBA) and of De La Salle University in Manila, with degrees in B.A. Economics (*cum laude*) and B.S. Commerce (*cum laude*). Mr. González led the transition of Arthaland in 2008 and started the vision of what the company is now. He is also the founder and the Chairman and Chief Executive Officer of AO Capital Partners, a financial and investment advisory firm with headquarters in Hong Kong. He is presently a member of the Board of Directors of a number of companies and is the Chairman of IP E-Game Ventures, Inc. which is involved in information technology and new media, retail/food and beverage, natural resources, and real estate and resort development. Apart from these, Mr. González is active in socio-cultural organizations such as the Philippine Map Collectors Society where he is the President, the World Presidents' Organization Philippine Chapter, Harvard Club New York Chapter, Philippine Institute of Certified Public Accountants, and the International Wine and Food Society. He was previously an independent director of Euromoney Institutional Investment PLC (a UK publicly listed media company) and the Southeast Asia Cement Holdings, Inc. (a subsidiary of Lafarge S.A.). He was the Vice Chairman and President of the Philippine International Trading Corporation and at one time, a special trade negotiator of the country's Ministry of Trade. Mr. González was once a partner of SGV & Co. with principal focus on assisting clients in establishing and/or in arranging funding for projects throughout the Asian region.

Jaime Enrique Y. González, Filipino, is the founder and currently the CEO of IP Ventures, Inc., a leading venture group that owns businesses that represent large retail brands such as Highlands Coffee, NBA Retail and Western Union. He is also the founder of IPVG Corp., E-games, and IP-Converge, Inc., which all listed on the Philippine Stock Exchange. He is a partner in the Kaikaku Fund (a Softbak-led fund), a venture capital focused on SE Asia, and a shareholder and director of Retail Specialist Inc., the exclusive retailer of Naturalizer and Florsheim brands in the Philippines. Enrique was IT Executive of the Year in 2008 and a finalist for the Ernst & Young Entrepreneur of the Year in 2011. He is also part of the Young Presidents Organization and sits on the Board of Trustees of Asia Society Philippines. He continues to hold the record of being the youngest person to have listed a company on the Philippine Stock Exchange at 27 years old. He has structured profitable exits such as PCCW Teleservices (sold to PCCW of Hong Kong), Prolexic Technologies (sold to Kennet Partners and eventually Akamai for over US$ 300.0MM), and Level-up Games (sold to Asiasoft). Enrique is a columnist for Philippine Star covering entrepreneurship and business under Business Life section. He is an active evangelist for attracting foreign capital and partners into the Philippines, and has joined state visits under President Gloria Arroyo and President Rodrigo Duterte's state

[9] Mr. Lukban ceased to be a director of Arthaland on 23 June 2016 but was re-elected anew on 23 October 2019.

visit to China. He was instrumental in bringing in China Railway Engineering Corp (CREC), a Fortune 100 company, and Tianjin SULI cable (a Fortune 500 company) into the Philippines. Enrique went to Middlebury College, Asian Institute of Management and Harvard Business School. He is a Kauffman Fellow and part of the Class 21 Batch.

Christopher Paulus Nicolas T. Po, Filipino, is the Executive Chairman of Century Pacific Food, Inc., a food company listed in the Philippine Stock Exchange and trading under the symbol CNPF. He concurrently serves as Chairman of Shakey's Pizza Asia Ventures, Inc., likewise a listed chain restaurant business trading under the symbol PIZZA. Prior to those roles, he was Managing Director for Guggenheim Partners, a U.S. financial services firm where he was in charge of the firm's Hong Kong office. Previously, he was a Management Consultant at McKinsey and Company working with companies in the Asian region. He also worked as the Head of Corporate Planning for JG Summit Holdings, a Philippine-based conglomerate with interests in food, real estate, telecom, airlines and retail. He graduated *summa cum laude* from the Wharton School and College of Engineering of the University of Pennsylvania with dual degrees in Economics (finance concentration) and applied science (system engineering) in 1991. He holds a Masters degree in Business Administration from the Harvard University Graduate School of Business Administration. He is a member of the Board of Trustees of the Ateneo de Manila University, as well as a member of the Board of Asia Society Philippines, and is the President of the CPG-RSPo Foundation.

Leonardo Arthur T. Po, Filipino, is the Executive Vice President and Treasurer of Arthaland but he tendered his resignation as such effective on 31 May 2021. He is likewise a Director and the Treasurer of Century Pacific Food, Inc., and Shakey's Pizza Asia Ventures, Inc. He graduated *magna cum laude* from Boston University with a degree in Business Administration and has extensive and solid business development experience in consumer marketing, finance and operations of fast-moving consumer goods (FMCG), food service, quick-serve restaurants, and real estate development.

Ricardo Gabriel T. Po, Filipino, is the Vice Chairman of Century Pacific Food, Inc., and concurrently serves as Vice Chairman of Shakey's Pizza Asia Ventures, Inc. He was the Executive Vice President and Chief Operations Officer of CNPF from 1990 to 2006 and became the Vice Chairman of its Board of Directors in 2006. He graduated *magna cum laude* from Boston University with a Bachelor of Science degree in Business Management in 1990. He also completed the Executive Education Program (Owner-President Management Program) at Harvard Business School in 2000.

Fernan Victor P. Lukban, Filipino, is a leading consultant in Family Business, Strategy, Entrepreneurship and Governance. He advises family boards of over a dozen of the most progressive and better governed family businesses in the country. Over the recent years, he has put special focus in developing Base of the Pyramid Initiatives in various provinces in the Philippines. He spent much of his early professional years in the academe helping establish and grow the University of Asia & the Pacific where he still participates as a consultant, mentor and guest lecturer. Mr. Lukban obtained a degree in Mechanical and Industrial Engineering from the De La Salle University. He received his MBA from *Instituto de Estudios Superiores de la Empresa* and MSc in Industrial Economics from the University of Asia & the Pacific.

Hans B. Sicat, Filipino, has been involved with the global capital market for about three decades, being a trained mathematician and economist. He is currently the Country Manager for ING Bank, N. V., Manila Branch where he joined as a Managing Director in 2017. At present, he is a member of the Board of Trustees of the Investment House Association of the Philippines and is a Director of the Bankers Association of the Philippines. He is also the Chairman of YPO Gold (a global organization) for 2020-2021. Prior to this, he was the President and CEO of the Philippine Stock Exchange (PSE) which he assumed in 2011. He also served as its Chairman and Independent Director for about eighteen months beforehand. He

was President and CEO of the Securities Clearing Corporation of the Philippines, a role he held concurrent with the PSE post, and was a Member of the Board of Director of PSE and the Bankers Association of the Philippines from 2018-2019. Mr. Sicat finished his coursework for Ph.D. Economics Program at the University of Pennsylvania, Philadelphia, and earned his Master of Arts in Economics and Bachelor of Science in Mathematics at the University of the Philippines. He was conferred an Honorary Doctorate Degree in Business Administration by the Western University in Thailand. Mr. Sicat has diverse interests on the private side too, spanning financial services, Knowledge Process Outsourcing and real estate. He is Acting Chairman of LegisPro Corporation, and an Independent Director of Serica Balanced Fund & Master Fund, Skycable Corporation, and TransNational Diversified Corporation. He is also on the Advisory Board of Fintonia Fund, which has an Asian FinTech focus. For over two decades, he was an investment banker with Citigroup and its predecessor firms (Salomon Brothers & Citicorp Securities) in various roles in New York, Hong Kong and the Philippines.

Andres B. Sta. Maria, Filipino, was senior partner and a member of the executive committee of the law firm SyCip Salazar Hernandez & Gatmaitan. For over 25 years until he retired, he headed the firm's Special Projects Group, which focused on acquisitions, privatization, power and energy, and industrial and infrastructure projects. He studied at the University of the Philippines, Cornell University and New York University and holds Bachelor of Science in Business Administration, Bachelor of Laws, and Master of Laws degrees. Before SyCip, he worked with the New York law firms Cleary Gottlieb Steen & Hamilton and Coudert Brothers. Mr. Sta. Maria maintains a private practice in commercial and corporate law.

Term of Office

Under Section 2, Article III of Arthaland's By-laws, the Board of Directors shall be composed of nine (9) members, at least two (2) of whom shall be independent directors. The directors shall be elected at the annual stockholders' meeting and their term of office shall be one (1) year and until their successors shall have been elected at the next annual stockholders' meeting and have qualified in accordance with these By-laws and under pertinent laws and regulations of the Philippines.

b. **Procedure for the Nomination and Election of Independent Directors**

Section 2, Article III of Arthaland's By-laws provides for the Procedure for the Nomination & Election of Independent Directors, as follows:

> "The Board of Directors shall be composed of nine (9) members, at least two (2) of whom shall be independent directors. The directors shall be elected at the annual stockholders' meeting and their term of office shall be one (1) year and until their successors shall have been elected at the next annual stockholders' meeting and have qualified in accordance with these By-laws and under pertinent laws and regulations of the Philippines.
>
> "To be eligible for nomination or election to the Board of Directors, the candidate must possess all the qualifications and none of the disqualifications enumerated in these By-laws and the Rules of the Corporation's Nomination Committee, and must abide by the nomination process as stated therein.
>
> "An independent director is a director who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director, and includes, among other persons, one who:

a. is not or has not been an officer or employee of the Corporation, its subsidiaries or affiliates or related interests during the past three (3) years counted from the date of his election (other than as an independent director of any of the foregoing);

b. is not a director or officer of the related companies of the Corporation's majority stockholders (other than as an independent director thereof);

c. is not a majority stockholder of the Corporation, any of its related companies, or of its majority stockholders;

d. is not a relative within the fourth degree of consanguinity or affinity, legitimate or common-law, of any director, officer or majority stockholder of the Corporation or any of its related companies;

e. is not acting as nominee or representative of any director or substantial stockholder of the Corporation, any of its related companies or any of its substantial stockholders;

f. is not retained, or within the last two (2) years has not been retained, as a professional adviser, consultant, agent or counsel of the Corporation, any of its related companies or any of its substantial stockholders, either in his personal capacity or through his firm, or has not engaged and does not engage in any transaction with the Corporation or with any of its related companies or with any of its substantial stockholders, whether by himself or with other persons, or through a firm of which he is a partner or a company of which he is a director or substantial stockholder, other than transactions which are conducted at arms-length and could not materially interfere with or influence the exercise of his judgment;

g. is not affiliated with or employed by or within the last three (3) years, has not been affiliated with or employed by the Corporation's present or former external auditors or affiliates; and,

h. complies with all the qualifications required of an independent director and does not possess any of the disqualifications, and has not withheld nor suppressed any information material to his qualification or disqualification as an independent director.

"When used in relation to the Corporation, "related company" means another company which is (i) its holding company; (ii) its subsidiary; or (iii) a subsidiary of its holding company; and "substantial stockholder" means any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

"No person shall qualify or be eligible for nomination or election to the Board of Directors (i) if he is engaged in any business that competes with or is antagonistic to that of the Corporation or its subsidiaries, taking into consideration such factors as business and family relationships, provided that the Nomination Committee shall have sole discretion to determine whether such competition or antagonism exists; or (ii) if he is employed by any government agency or a government owned or controlled corporation; or (iii) if he has or had, by himself or on behalf of an entity he represents, instituted any action or has a pending suit against any of the Corporation's directors or

any stockholder who owns at least 10% of the total outstanding shares of the Corporation. Further, no person shall qualify or be eligible for election to the Board of Directors if his nomination is disapproved by at least fifty-one percent (51%) vote of the Board of Directors.

"In addition, no person shall qualify or be eligible for nomination or election to the Board of Directors if he is suffering from any of the following grounds for permanent disqualification:

a. Conviction by final judgment or order of a competent judicial or administrative body of any crime that (i) involves moral turpitude or similar fraudulent acts or transgressions such as fraud, embezzlement, theft, *estafa*, counterfeiting, misappropriation, forgery, bribery, false affirmation, or perjury; (ii) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (iii) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (iv) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them. For purposes of this Section, "similar fraudulent acts or transgressions" shall be defined as anything calculated to deceive, including all acts, omissions and concealment involving a breach of legal or equitable duty, trust or confidence justly reposed, resulting in damage to another, or by which an undue advantage is taken of another;

b. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Securities and Exchange Commission (Commission), or any court of competent jurisdiction, or any administrative body which the Corporation is subject of, from: (i) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (ii) acting as director or officer of a bank, quasi-bank, trust company, investment house, investment company, or any corporation; (iii) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (i) and (ii) above, or willfully violating the laws governing securities and banking activities;

   The disqualification shall also apply if such person is currently the subject of an order of the Commission, or any court, or any administrative body which the Corporation is subject of, denying, revoking or suspending any registration, license or permit issued to him under the Revised Corporation Code, Securities Regulation Code, or any other law administered by the Commission or *Bangko Sentral ng Pilipinas* (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

c. Convicted or adjudged by final judgment or order by a court or administrative body which the Corporation is subject of, of an offense punishable by imprisonment for a period exceeding six (6) years, or to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Revised Corporation Code, Securities Regulation Code or any other law administered by the Commission or the BSP, committed within five (5) years prior to the date of election as director;

d. Any person earlier elected as an independent director who becomes an officer, employee or consultant of the Corporation;

e. Judicial declaration of bankruptcy or insolvency; and,

f. Final judgment or order of a foreign court or equivalent regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in sub-paragraphs (a) to (e) above.

"The following reasons shall also be considered by the Nomination Committee in evaluating the qualifications of all persons nominated to the Board and such other appointments which require Board approval:

a. Refusal to fully disclose the extent of his business interests as required under the Securities Regulation Code and its Implementing Rules and Regulations;

b. Absence or non-participation for whatever reason/s in more than fifty percent (50%) of all regular and special meetings of the Board during his incumbency, or any twelve (12) month period during the said incumbency, unless the absence is due to illness, death in the immediate family or serious accident;

c. Dismissal/termination for cause as director of any publicly-listed company, public company, registered issuer of securities and holder of a secondary license from the Commission;

d. Being under preventive suspension by the Corporation; and

e. If the beneficial equity ownership of an independent director in the Corporation or its subsidiaries and affiliates exceed two percent (2%) of its subscribed capital stock.

"For the proper implementation of the provisions of this Section, all nominations for the election of directors by the stockholders shall be submitted in writing to the Nomination Committee through the Secretary at the Corporation's principal place of business at least sixty (60) business days before the date of the stockholders' meeting called for the purpose of electing directors, or at such earlier or later date that the Board of Directors may fix.

"The decision of the Nomination Committee is final for purposes of the election."

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In accordance with the foregoing provision, and in order to enable any and all shareholders to participate in the nomination process, the deadline for the submission of nominees to the Board, including those for independent directors the qualifications of whom must meet those mentioned in the said section of Arthaland's By-laws, was set on 26 April 2021.

Section 14, Article III of Arthaland's By-laws further provides that the nomination of independent directors shall be conducted by the Nomination Committee[10] prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.

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

After the nomination, the Nomination Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, which list shall be made available to all stockholders through the filing and distribution of this Information Statement in accordance with the Securities Regulation Code or in such other reports Arthaland is required to submit to the Securities and Exchange Commission. The name of the person or group of persons recommending the nomination of the independent director shall be identified in such report including any relationship with the nominee.

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

Except as those required under the Securities and Regulation Code and subject to pertinent existing laws, rules and regulations of the Securities and Exchange Commission, the conduct of the election of independent director/s shall be made in accordance with the standard election procedures under the By-laws of Arthaland.

The Chairman of the Annual Stockholders' Meeting shall be responsible for informing all stockholders in attendance of the mandatory requirement of electing independent directors. He shall ensure that independent directors are elected during the said stockholders' meeting and specific slot/s for independent directors shall not be filled up by unqualified nominees. In case of failure of election for independent directors, the Chairman of the meeting shall call a separate election during the same meeting to fill up the vacancy.

Below is the Final List of Candidates as directors and independent directors of Arthaland for the ensuing year:

A. <u>Nominees for Regular Directors</u>

1. Mr. Ernest K. Cuyegkeng
2. Mr. Jaime C. Gonzalez
3. Mr. Jaime Enrique Y. Gonzalez
4. Mr. Cornelio S. Mapa, Jr.
5. Mr. Christopher Paulus Nicolas T. Po
6. Mr. Ricardo Gabriel T. Po

B. <u>Nominees for Independent Directors</u>

7. Mr. Fernan Victor P. Lukban

[10] Composed presently of Messrs. Ricardo Gabriel T. Po (Chairman), Hans B. Sicat and Andres B. Sta. Maria.

8. Mr. Hans B. Sicat
9. Mr. Andres B. Sta. Maria

With the exception of Mr. Mapa, Jr., the above nominees are all incumbent directors of Arthaland and they are seeking re-election. Their respective qualifications and the positions they held and/or business experience for the past five (5) years are reflected in Item 5a of this Information Statement, while those of Mr. Mapa, Jr. is as follows:

Cornelio S. Mapa, Jr., Filipino, had several senior executive roles with the Gokongwei Group of companies and its subsidiaries until 2020. His last position was Senior Vice President, Investments and New Builds of JG Summit Holdings, Inc., a role he carried out concurrently as Executive Vice President for Corporate Strategy of Universal Robina Corporation (URC). He was also the Executive Vice President and Managing Director of the URC Branded Consumer Food Group and before then, he served as Senior Vice President at Robinsons Land Corporation, with the functional role of General Manager of the Commercial Centers Division. Prior to joining the Gokongwei Group of companies, he was Senior Vice President and Chief Financial Officer of Coca Cola Bottlers Philippines, including its subsidiaries, Cosmos Bottling and Philippine Beverage Partners. He was also Senior Vice President and Chief Financial Officer of La Tondeña Distillers, Inc. He earned his Bachelor of Science degrees in Economics and International Finance from New York University, and obtained his Masters in Business Administration from International Institute for Management Development in Lausanne, Switzerland. Mr. Mapa is a Director of DHL Summit Solutions, Inc. and was recently appointed Independent Director of Radiowealth Finance Corporation.

Messrs. Lukban, Sicat and Sta. Maria were nominated as independent directors by Messrs. Jaime C. Gonzalez and Christopher T. Po. None of them are in any way related to the party who nominated them or to any one of the shareholders of Arthaland owning more than five percent (5%) of its voting shares, except as otherwise indicated in Item 5a of this Information Statement. They possess all the qualifications and none of the disqualifications to become independent directors of Arthaland. Further, they are not officers or employees of Arthaland or any of its subsidiaries and are free from any business or other relationships with Arthaland or any of its subsidiaries which could, or could reasonably be perceived to, materially interfere with the exercise of their independent judgment in carrying out their responsibilities as independent directors. Copies of the Certifications of Independent Directors of Messrs. Lukban, Sicat and Sta. Maria are attached to this Information Statement and incorporated herein by reference.

Arthaland complies with the term limits of its independent directors.

None of Arthaland's incumbent directors or its nominees for directors and independent directors for the ensuing year is connected with any government agency or its instrumentality.

c. **Corporate and Executive Officers and Positions Held/Business Experience for the Past Five (5) Years**

The following are presently Arthaland's principal corporate officers:

Chairman of the Board	Ernest K. Cuyegkeng
Vice Chairman and President	Jaime C. Gonzalez
Vice Chairman	Ricardo Gabriel T. Po
Executive Vice President and Treasurer	Leonardo Arthur T. Po[11]

[11] See Footnote 7.

Corporate Secretary	Riva Khristine V. Maala

Riva Khristine V. Maala, Filipino, holds a Bachelor of Arts degree in Philosophy (*cum laude*) and a Bachelor of Laws degree, both from the University of the Philippines. She was an Associate Attorney of Fortun Narvasa and Salazar Law Offices before working in the banking industry for 11 years as documentation lawyer, among others. Atty. Maala became the Head of Legal Affairs and Investor Relations of Arthaland on 01 October 2012, and likewise acted as its Assistant Corporate Secretary and Corporate Information Officer until 08 February 2017 when she was appointed as Corporate Secretary and General Counsel. In addition, she performs the responsibilities of the Compliance Officer of Arthaland, having assisted its previous compliance officers on their tasks as such.

Term of Office

Pursuant to Sections 2, 3 and 4, Article IV of Arthaland's By-laws, the corporate officers of Arthaland are elected in the first meeting of the Board of Directors immediately after the stockholders' meeting where the directors are elected. The officers shall be elected by a majority vote of all the directors actually composing the Board of Directors, and shall hold office for a term of one (1) year and until their successors shall have been elected and qualified in accordance with the By-Laws and under pertinent laws and regulations, unless otherwise removed with or without cause at any time, by a majority vote of all the directors actually composing the Board of Directors.

Any officer may resign at any time by giving written notice to the Chairman of the Board or the President. Such resignation shall take effect at the time specified therein, and the acceptance thereof shall not be necessary to make the resignation effective.

Any vacancy in an office created under Section 1, Article IV of Arthaland's By-Laws because of death, resignation, removal or any cause shall be filled by the Board of Directors for the unexpired portion of the term in the same manner prescribed herein for the election to such office.

d. **Significant Employees**

Other than the above-named directors and corporate officers, the following are significant or key personnel of Arthaland who are expected to make a significant contribution to its business:

Christopher G. Narciso, Filipino, is an Executive Vice President who heads and supervises the Business and Project Development Department, the Sales & Leasing Administration Department, and the Marketing Department. Prior to joining Arthaland, Mr. Narciso was an Executive Director of the Philippine Transmarine Carriers Group and the Concurrent Chief Operating Officer of ACM Landholdings, Inc. He was also at one time the Chief Operating Officer of Taft Property Ventures Development Corporation, a member of Metro Gaisano, Vicsal Development Corporation. He worked at Robinsons Land Corporation from 2007 until 2013, and Narel Realty and Development Corporation from October 1995 to March 2007. Mr. Narciso graduated from the De La Salle University with a Bachelor of Science degree in Industrial Management Engineering, minor in Chemical Engineering, and also earned units in Masters in Business Administration from the University of Western Australia. He is a past National President of the Subdivision and Housing Developers Association.

Oliver L. Chan, Filipino, is the Head of Sales Operations. He is a licensed mechanical engineer who obtained his degree from the University of Santo Tomas. Prior to joining Arthaland, he was the Property Manager of Ayala Property Management Corporation who handled the operations of Ayala Land Inc.'s premiere retail and recreation centers, namely, the Greenbelt complex, Ayala Museum, San Antonio Plaza in Forbes Park and the retail spaces at The Residences at Greenbelt. Because of his strong customer service background, he is

concurrently General Manager of Emera Property Management, Inc., the property management arm of Arthaland.

Gabriel I. Paulino, Filipino, is the Head of Technical Services. He has over 35 years of professional experience in architectural and project management practice. He was formerly the Assistant Vice President for Design and Planning at Rockwell Land Corporation and worked on Edades Towers, The Grove, One Rockwell, Joya and the Powerplant Mall. Prior to Rockwell, he was a Senior Associate of Recio + Casas Architects. He was also involved in the Pacific Plaza Towers (Makati and Fort Bonifacio), Manansala at Rockwell, LKG Tower Ayala and Salcedo Park Towers Makati.

Sheryll P. Verano, Filipino, is the Head of Strategic Funding and Investments and is the Investor Relations Officer of Arthaland. She is a finance professional with over 20 years-experience in financial advisory, debt and equity capital raising, debt restructuring and mergers and acquisitions. Prior to joining Arthaland, she was Associate Director in American Orient Capital Partners (Philippines) and was with the Global Corporate Finance group of SGV and Co. She received her CFA Charter in 2006 and was one of the topnotchers in the 1999 CPA Board Exams. She graduated *cum laude* from the University of the Philippines with a Bachelor of Science degree in Business Administration and Accountancy.

Ferdinand A. Constantino, Filipino, is the Chief Finance Officer. He is a Certified Public Accountant and a licensed Real Estate Broker. He obtained his degree in Accountancy from the Polytechnic University of the Philippines in 1982. His work experience includes being the Corporate Comptroller/Tax Manager of Century Canning Corporation (1995-2006), GM/Business Unit Head of CPGC Logistics Philippines, Inc. (2006-2013), and Finance Director of Century Pacific Food, Inc.

Leilani G. Kanapi, Filipino, joined Arthaland in March 2008 initially as part of the Technical Services team. She was eventually tasked to head the Procurement Department in August 2009. She worked previously with Rockwell Land Corporation where she took on roles in Estate Management, Handover and Project Development. Prior to that, she was with CB Richard Ellis as Business Development and Operations Manager for the Property and Facilities Management Group. Ms. Kanapi graduated from the University of Santo Tomas with a Bachelor of Science degree in Civil Engineering and obtained a Masters Degree in Business Administration from Pepperdine University, USA where she also had the opportunity to join the Student Exchange Program in Marseille, France.

Clarence P. Borromeo, Filipino, has been the Head of the Information Technology (IT) Department of Arthaland since 2009, and was appointed on 09 May 2018 as the Data Privacy Officer concurrently. Before joining Arthaland, he was the IT Head of the ICCP (Investment and Capital Corporation of the Philippines) Group of Companies, and before that, the IT Head at RAMCAR Food Group (Kentucky Fried Chicken and Mr. Donut). He started his career in Information Technology as IT Helpdesk Supervisor of Zuellig Interpharma Holdings. Mr. Borromeo finished college at the Ateneo de Manila University with a degree in AB Interdisciplinary Studies.

Ma. Angelina B. Magsanoc, Filipino, the Head of the Marketing Department, has more than 25 years experience working at various positions linked to financial and real estate industries. A greater part of her career in Standard Chartered Bank, Jardine Fleming Exchange Capital Securities, Belle Corporation, Highlands Prime, and Terra Nostra, was dedicated to marketing, business development and finance. Prior to joining Arthaland, she held the position of Vice President for Business Development and Marketing of ACM Landholdings, Inc. Ms. Magsanoc took up A.B. Management Economics from the Ateneo de Manila University and earned masteral units from the Ateneo Graduate School of Business.

Edgar V. Sabidong, Filipino, a registered Civil Engineer from the Mapua Institute of Technology, is a Vice President of the Technical Services Department and is with over 30-years of experience in construction, facilities and project management, 12 years of which were spent in the Caribbean and in the Middle East. He was Project Director of the biggest project in Trinidad and Tobago and while with Saudi Aramco, he handled various facilities like office building, hospital, laboratory and community housing renovation and upgrade works. Locally, he worked with D.M. Consunji and in its joint venture with the British John Laing International. He worked on the five Rockwell west tower condominium buildings – Hidalgo, Rizal, Luna, and Amorsolo East and West. Engr Sabidong was elected as the Chairman of the Philippine Green Building Council from 2019 to 2020. As a member of the Board of Trustees, he also sits in the BERDE PR and Internal Policy Committees. Given its commitment to greening the industry, Arthaland gave Engr. Sabidong the task to head and lead all project undertakings and sustainability efforts with his concurrent appointment as its Chief Sustainability Officer[12].

None of the foregoing officers owns shares of stock of Arthaland. Neither is any one of them connected with any government agency or its instrumentality.

e. **Family Relationship**

With the exception of the brothers Messrs. Ricardo Gabriel T. Po, Christopher Paulus Nicolas T. Po and Leonardo Arthur T. Po, and the father and son, Messrs. Jaime C. Gonzalez and Jaime Enrique Y. Gonzalez, the above-mentioned incumbent directors and executive officers of Arthaland are not related to each other, either by consanguinity or affinity.

f. **Involvement in Certain Legal Proceedings**

The above-named directors and corporate/executive officers of Arthaland have not been involved during the past five (5) years up to the date of this Information Statement in any bankruptcy proceeding or any proceeding involving a violation of securities or commodities laws or regulations, nor have they been convicted in a criminal proceeding. Neither has there been any order or judgment enjoining, barring, suspending or limiting their involvement in any type of business, securities, commodities or banking activities.

The above notwithstanding, a director and an officer of Arthaland are currently parties to legal proceedings which neither involves Arthaland directly nor their acts as such director and officer. There is no final resolution on these proceedings at this time and Arthaland believes that their involvement in said proceedings is not material to an evaluation of the ability or integrity of such person to become a director or officer of Arthaland.

1. In 2013, the Philippine Deposit Insurance Corporation (PDIC) had filed one and the same complaint against Mr. Jaime C. Gonzalez, among other former officers of then Export and Industry Bank, before (a) the Department of Justice (DOJ), and (b) the *Bangko Sentral ng Pilipinas* (BSP) for violation of Section 21 (f)(10) of Republic Act (R.A.) No. 3591, Section 21 (f)(4) of R.A. No. 3591, and Sections 55, 56 and 66 of R.A. No. 8791 in relation to Section 36 of R.A. No. 7653. PDIC alleged that the respondents committed acts which constituted doing business in an unsafe and unsound manner, essentially having concealed from PDIC the engagement as the bank's financial advisor of a company which Mr. Gonzalez was an officer of, simultaneously with being an officer of the bank. All respondents denied PDIC's accusation and submitted documentary evidence that there was in fact full disclosure to all concerned parties.

   In 2014, the DOJ found no probable cause to hold Mr. Gonzalez and his co-respondents liable for the charges of PDIC against them and dismissed the complaint. PDIC's Motion

[12] Engr. Sabidong was appointed by the Board as such on 20 March 2019.

for Reconsideration was likewise denied. PDIC filed a Petition for Review before the Secretary of Justice but there is no decision on the matter to date.

In March 2016, PDIC filed a civil complaint for sum of money against Mr. Gonzalez, among others, arising from the same set of allegations and circumstances stated in the above complaint PDIC filed with the DOJ. Trial is currently ongoing.

Insofar as the administrative case before the BSP, in a Resolution dated 13 June 2019, the Monetary Board approved the *Report* prepared by the Office of the General Counsel and Legal Services finding Mr. Gonzalez, among others, administratively liable for violation of banking laws and imposing upon him a fine of ₱20,000.00. Mr. Gonzalez filed a Motion for Reconsideration on 09 July 2019 and paid the fine under protest, *i.e.*, without abandoning his Motion for Reconsideration or waiving his legal right to question the Monetary Board Resolution before the proper courts and eventually claim reimbursement for the payment of the fine should said Resolution be set aside. BSP denied the Motion on 07 February 2020, hence, Mr. Gonzalez filed a Petition for Review before the Court of Appeals which is pending resolution to date.

2. In 2015, PDIC filed one and the same complaint against Mr. Gonzalez, Ms. Angela de Villa Lacson, Arthaland's former President and CEO, Mr. Froilan Q. Tejada, Arthaland's former Chief Finance Officer, and Ms. Riva Khristine V. Maala, Assistant Corporate Secretary of Arthaland at the time, among other former officers of then Export and Industry Bank, before (a) the DOJ for violation of Article 315 of the Revised Penal Code in relation to Presidential Decree No. 1689 and of Section 21(f)(10) of R.A. No. 3591, as amended, and (b) before the BSP for violation of Section 37 of R.A. No. 7653. PDIC alleged that the respondents conspired and fraudulently caused the bank to make advances in favor of Arthaland for the alleged purchase by Arthaland of one of the bank's non-performing assets in the sum of ₱13 million. All respondents denied PDIC's charges against them in their respective counter-affidavits.

   In March 2017, the DOJ charged Mr. Gonzalez and Ms. Maala, among other respondents in this case, for violation of Sec. 21(f)(10) of R.A. No. 3591, as amended, while the charges for the violation of Article 315 of the Revised Penal Code in relation to Presidential Decree No. 1689 were dismissed. Mr. Gonzalez and Ms. Maala filed their respective Motions for Partial Reconsideration in December 2018, and in February 2019, the DOJ dismissed altogether the criminal complaint against the respondents for violation of Sec. 21(f)(10) of R.A. No. 3591, as amended. PDIC filed a Petition for Review of the said dismissal before the Office of the DOJ Secretary on 14 May 2019 and there is no decision on the matter to date.

   On the other hand, in May 2017, the BSP issued a Decision formally charging Mr. Gonzalez, Ms. Maala and the other respondents for committing irregularities under Section 37 of R.A. No. 7653, and committing unsafe or unsound banking practices under Section 56 of R.A. No. 8791 in relation to Section 37 of R.A. No. 7653. Presently, the case is pending with the Office of the General Counsel and Legal Services of the BSP. As of the date of the filing of this Information Statement, the case is pending resolution.

g. **Certain Relationships and Related Transactions**

In the regular conduct of its business, Arthaland and its subsidiaries enter into intercompany transactions, primarily advances by Arthaland to a subsidiary which are necessary to carry out the latter's functions, subject to liquidation and reimbursements for expenses. Arthaland ensures that while these transactions are made substantially on the same terms as with other individuals and businesses of comparable risks, they are fair and treated at arm's length.

Except for the foregoing and related disclosures on intercompany transactions between Arthaland and its subsidiaries for the period covered by this Information Statement as discussed in the Audited Financial Statements hereto attached as an integral part of this Information Statement, there are no other transactions (or series of similar transactions) with or involving any of Arthaland's subsidiaries, affiliates or related companies in which a director or an executive officer or a stockholder who owns ten percent (10%) or more of Arthaland's total outstanding shares, or member/s of their immediate family, had or is to have a direct or indirect material interest.

ITEM 6. Compensation of Directors and Executive Officers

a. Compensation of Directors and Executive Officers

Section 10, Article III of the By-laws provides that the "Board of Directors is empowered and authorized to fix and determine the compensation of its members, including profit sharing and other incentives, subject to the limitations imposed by law. Any changes approved by the incumbent Board of Directors to the compensation of its members shall only be effective at the succeeding term of the next elected Board of Directors."

Beginning June 2016, the per diem given to each director for each meeting of the Board (special or regular) attended was increased to ₱75,000.00 for independent directors and ₱10,000.00 for regular directors, except for the Chairman of the Board who receives ₱100,000.00.

Each director is also paid a per diem of ₱2,500.00 for each committee meeting he attends of which he is a member. These committees are the Executive Committee, the Audit Committee, the Stock Option and Compensation Committee, the Nomination Committee and the Risk Management Committee.

Below are the committee memberships of the Directors of Arthaland:

Audit Committee	Fernan Victor P. Lukban, *Chairman* Hans B. Sicat Andres B. Sta. Maria
Executive Committee[13]	Jaime C. Gonzalez, *Chairman* Ricardo Gabriel T. Po, *Vice Chairman* Jaime Enrique Y. Gonzalez Christopher Paulus Nicolas T. Po Leonardo Arthur T. Po, and Ferdinand A. Constantino
Nomination Committee	Ricardo Gabriel T. Po, *Chairman* Hans B. Sicat Andres B. Sta. Maria
Stock Option and Compensation Committee	Jaime C. Gonzalez, *Chairman* Ricardo Gabriel T. Po Hans B. Sicat

[13] Section 12, Article III of the By-laws states that the Executive Committee shall be composed of such number of directors and officers of the Corporation as may be appointed by the Board of Directors.

Risk Management	Hans B. Sicat, *Chairman* Jaime Enrique Y. Gonzalez Christopher T. Po Andres B. Sta. Maria

Section 7, Article IV, in turn, provides that the "Chairman, or such other officer(s) as the Board of Directors may authorize, shall determine the compensation of all the officers and employees of the Corporation. xxx".

The compensation of Arthaland's directors for the last two years is as follows:

Director	2019 (₱)	2020 (₱)
Ernest K. Cuyegkeng	915,000.00	907,500.00
Jaime C. Gonzalez	97,500.00	105,000.00
Jaime Enrique Y. Gonzalez	105,000.00	107,500.00
Fernan Victor P. Lukban	0	687,500.00
Christopher Paulus Nicolas T. Po	87,500.00	97,500.00
Leonardo Arthur t. Po	87,500.00	97,500.00
Ricardo Arthur T. Po	102,500.00	117,500.00
Hans B. Sicat	555,000.00	697,500.00
Andres B. Sta. Maria	780,000.00	690,000.00
Total	₱2,730,000.00	₱3,507,500.00

The compensation of Arthaland's officers and other employees for the last two years is as follows:

2019

	Salary[14]	Bonus	Others
Executives[15] includes Jaime C. Gonzalez, the Vice Chairman and President, and the four highly compensated officers: a. Leonardo Arthur T. Po, Executive Vice President and Treasurer ii. Christopher G. Narciso, Executive Vice President iii. Gabriel I. Paulino, Head, Technical Services, and iv. Sheryll P. Verano, Head, Strategic Funding and Investments.	₱80.73M	₱8.75M	None
Officers (As a group unnamed)[16]	₱51.60M	₱9.35M	None

[14] Rounded-off.
[15] Includes all employees with the rank of Vice President and higher.
[16] Includes all employees with the rank of Manager up to Senior Assistant Vice President.

2020

	Salary[17]	Bonus	Others
Executives[18] includes Jaime C. Gonzalez, the Vice Chairman and President, and the four highly compensated officers: i. Leonardo Arthur T. Po, Executive Vice President and Treasurer ii. Christopher G. Narciso, Executive Vice President iii. Gabriel I. Paulino, Head, Technical Services, and iv. Sheryll P. Verano, Head, Strategic Funding and Investments.	₱69.16M	₱2.76M	None
Officers (As a group unnamed)[19]	₱44.25M	₱4.13M	None

2021 (Estimated and Collective)

	Salary[20]	Bonus	Others
Directors and Executives	₱77.30M	None[21]	None
Officers (As a group unnamed)	₱54.21M		

b. **Standard Arrangement/Material Terms of Any Other Arrangement/Terms and Conditions of Employment Contract with Above Named Corporate/Executive Officers**

In Arthaland's annual meeting held on 16 October 2009, the stockholders representing more than sixty-seven percent (67%) of all its issued and outstanding common shares which are entitled and qualified to vote approved the 2009 Stock Option Plan. The total amount of shares which are available and may be issued for this purpose will amount to 10% of Arthaland's total outstanding capital stock at any given time. At present, this is equivalent to 531,809,519 shares. The Stock Option and Compensation Committee consisting of at least three (3) directors, one (1) of whom is an independent director, will administer the implementation of this plan.

Qualified employees eligible to participate under the plan are (i) members of the Board, with the exception of the independent directors; (ii) President and CEO and other corporate officers, which include the Corporate Secretary and the Assistant Corporate Secretary; (iii) Employees and Consultants who are exercising managerial level functions or are members of the Management Committee; and, (iv) Executive officers assigned to Arthaland's subsidiaries or affiliates[22].

The Stock Option and Compensation Committee is empowered to determine to whom the Options are to be granted, determine the price the Option is to be exercised (which in no case shall be below the par value of Arthaland's common stock), decide when such Option shall be granted and its effectivity dates, and determine the number and class of shares to be allocated to each qualified employee. The Committee will also consider at all times the performance evaluation of the qualified employee and/or the result of the achievement of the objectives of Arthaland each year.

[17] Rounded-off.
[18] Includes all employees with the rank of Vice President and higher.
[19] Includes all employees with the rank of Manager up to Senior Assistant Vice President.
[20] Rounded-off.
[21] Whether bonuses will be given in 2021 is uncertain at this time.
[22] Arthaland must have at least 50% equity holdings of said subsidiary or affiliate.

The Option Period during which the qualified employee may exercise the option to purchase such number of shares granted will be three (3) years starting with the full year vesting in accordance with the following schedule:

(i) Within the first twelve (12) months from Grant Date	- up to 33.33%
(ii) Within the 13th to the 24th month from Grant Date	- up to 33.33%
(iii) Within the 25th to 36th month from Grant Date	- up to 33.33%.

On the Exercise Date, the qualified employee should pay the full Purchase Price or in such terms as may be decided upon by the Committee.

In 2010, options equivalent to 164,800,000 were granted but none of the qualified employees exercised their respective rights until the period within which they can do so expired in October 2012.

On 14 December 2018, Arthaland's Board of Directors approved granting options equivalent to not more than 90.0 million common shares to its qualified employees as above defined. The Stock Option and Compensation Committee was tasked to administer the implementation of this grant, which will include to whom and when the Options are to be granted and the effectivity dates thereof, and the number and class of shares to be allocated to each qualified employee, after considering the performance evaluation of said qualified employees vis-a-vis the result of the achievement of the Arthaland's objectives for 2018. The breakdown of the options granted are discussed in Item 8 of this Information Statement.

The Stock Option and Compensation Committee pegged the price the option is to be exercised at the five-day volume weighted average price per share beginning 17 December 2018, or until 21 December 2018. Said price was at ₱0.85 per share.

On 25 March 2020, the Board changed the price of the options granted as abovementioned to ₱0.50 per share.

As of the date of this Report, none of the qualified employees have exercised their respective rights.

The term of the 2009 Stock Option Plan expired in October 2019. The 2020 Stock Option Plan which has substantially the same terms as the 2009 plan was presented during the Annual Stockholders' Meeting on 26 June 2020 and stockholders representing at least sixty-seven percent (67%) of the outstanding common shares which are entitled and qualified to vote approved the same. Approval of the 2020 ALCO Stock Option by the Securities and Exchange Commission is presently being secured.

ITEM 7. Independent Public Accountant

Article V of the By-laws provides, among others, that the External Auditor shall be appointed by its Board of Directors and shall receive such compensation or fee as may be determined by the Chairman or such other officer(s) as the Board of Directors may authorize.

Reyes Tacandong & Co. (RT&Co) was first appointed as the external auditor of Arthaland in 2012 and remains such to date. Ms. Carolina P. Angeles was the Certifying Partner for the years 2012-2016. Ms. Michelle R. Mendoza-Cruz is the current Certifying Partner.

Arthaland has not had any disagreement with its external auditor.

Information on Independent Accountant

Accountant	:	Reyes Tacandong & Co.
Mailing Address	:	26/F Citibank Tower 8741 Paseo de Roxas, Makati City 1226
Certifying Partner	:	Ms. Michelle R. Mendoza-Cruz
C.P.A. Reg. No.	:	97380
TIN No.	:	201-892-183-000
PTR No.	:	8534279 issued on 05 January 2021 at Makati City
SEC Accreditation No.	:	Partner – No. 1499-AR-1 Group A (Valid until 17 July 2021)
BIR Accreditation No.	:	08-005144-012-2020 (Valid until 01 January 2023)

Fees and Other Arrangements

The external auditor's fees are based on the estimated time that would be spent on an engagement and Arthaland is charged on the experience level of the professional staff members who will be assigned to work on the engagement and generally, on the complexity of the issues involved and the work to be performed, as well as the special skills required to complete the work.

The audit fees of RT&Co insofar as Arthaland is concerned are as follows:

2016	-	₱950,000.00
2017	-	₱1,500,000.00
2018	-	₱1,650,000.00
2019	-	₱1,750,000.00
2020	-	₱1,750,000.00

RT&Co rendered services to Arthaland's subsidiaries with the exception of Cebu Lavana Land Corp.[23] and its audit fees are as follows:

	2020	**2019**	**2018**
Bhavana Properties, Inc.	₱100,000.00	₱100,000.00	N.A.
Bhavya Properties, Inc.	₱100,000.00	₱100,000.00	N.A.
Cazneau Inc.	₱300,000.00	₱300,000.00	₱180,000.00
Emera Property Management, Inc.	₱160,000.00	₱160,000.00	₱150,000.00
Kashtha Holdings, Inc.	₱100,000.00	₱100,000.00	N.A.
Manchesterland Properties, Inc.	₱350,000.00	₱350,000.00	₱330,000.00
Pradhana Land, Inc.	₱100,000.00	₱100,000.00	N.A.
Savya Land Development Corporation	₱250,000.00	₱250,000.00	₱180,000.00
Urban Property Holdings, Inc.	₱130,000.00	₱130,000.00	₱120,000.00
Zileya Land Development Corporation	₱160,000.00	₱160,000.00	₱120,000.00

RT&Co did not charge Arthaland for non-audit work for the years 2013, 2014, 2015, 2017 and 2018. In 2016, however, RT&Co charged Arthaland for non-audit work in the amount of ₱1.50MM in relation to the public offering of Arthaland's Preferred Shares Series B. In 2019, RT&Co also charged Arthaland for non-audit work in the amount of ₱1.00MM in relation to the public offering of Arthaland's Preferred Series C shares.

[23] The external auditor of Cebu Lavana Land Corp. is Isla Lipana & Co., a PwC member firm. Its fees for 2020, 2019, 2018 and 2017 amount to ₱538,000.00, ₱520,000.00, ₱500,000.00, and ₱430,000.00, respectively, all of which are net of VAT.

In October 2019, Arthaland registered with the SEC a Registration Statement for the shelf registration of ₱6.0 billion fixed rate ASEAN Green Bonds which was approved in January 2020. The initial tranche of these bonds equivalent to ₱3.0 billion was listed with the Philippine Dealing and Exchange Corp. on 06 February 2020. RT&Co charged Arthaland for non-audit work on these bonds in the amount of ₱0.60MM.

The foregoing fees are all exclusive of VAT.

ITEM 8. Compensation Plans

As stated in Item 6b above, Arthaland made available to its qualified employees in 2009 a stock option plan wherein they can enjoy the benefits of ownership of Arthaland and thereby increase their concern for its long-term progress and well-being, induce their continued service and stimulate their efforts towards the continued success thereof (the "2009 Stock Option Plan"). However, none of these qualified employees exercised their respective stock option rights until the period within which they can do so had expired in October 2012.

On 14 December 2008, the Board of Directors again approved granting options equivalent to not more than 90.0 million common shares to its qualified employees. The Stock Option and Compensation Committee was tasked to administer the implementation of this grant, which will include to whom and when the Options are to be granted and the effectivity dates thereof, and the number and class of shares to be allocated to each qualified employee, after considering the performance evaluation of said qualified employees vis-à-vis the result of the achievement of Arthaland's objectives for 2018. The Stock Option and Compensation Committee pegged the price the Option is to be exercised at the five-day volume weighted average price per share beginning 17 December 2018, or until 21 December 2018. Said price was at ₱0.85 per share. The number of options granted to qualified employees amounts to 55,400,000 and is broken down, as follows:

1. President and the 4 highest paid executives – 34,850,000 common shares
2. All current executive officers[24] as a group – 49,400,000 common shares
3. Each nominee for election as a director[25] – None
4. Other persons to receive 5% of these options – None
5. All current directors as a group who are not executive officers – None
6. All other employees as a group. – 6,000,000 common shares

On 25 March 2020, the Board of Directors changed the price of the options granted as abovementioned to ₱0.50 per share.

As of the date of this Information Statement, none of the qualified employees has exercised their respective rights.

The validity of the 2009 Stock Option Plan expired on 16 October 2019.

The 2020 Stock Option Plan which has substantially the same terms as the 2009 plan was presented during the Annual Stockholders' Meeting on 26 June 2020 and stockholders representing at least sixty-seven percent (67%) of the outstanding common shares which are entitled and qualified to vote approved the same. The total amount of shares of stock which may be issued and are reserved for purposes of the 2020 plan is still ten percent (10%) of total outstanding capital stock of Arthaland at any given point in time.

[24] Includes the President and the top 4 highest paid executives and other officers with the rank of Vice President and higher.
[25] Except Mr. Jaime C. Gonzalez.

Approval of the 2020 Stock Option by the Securities and Exchange Commission is presently being secured.

C. ISSUANCE AND EXCHANGE OF SECURITIES

No action will be taken during the Annual Stockholders' Meeting with respect to the Authorization or Issuance of Securities Other than for Exchange (**Item 9**); Modification or Exchange of Securities (**Item 10**); Financial and Other Information (**Item 11**); Mergers, Consolidations, Acquisitions and Similar Matters (**Item 12**); Acquisition or Disposition of Property (**Item 13**); or, Restatement of Accounts (**Item 14**).

D. OTHER MATTERS

ITEM 15. Action With Respect to Reports

Management will present during the Annual Stockholders' Meeting the financial reports of Arthaland as of 31 December 2020 and its quarterly report as of the first quarter of 2021. Copies of these financial reports are attached to this Information Statement and made integral parts hereof.

The Minutes of the Annual Stockholders' Meeting held on 26 June 2020 whereby the following matters were taken up, will also be submitted for approval of the stockholders:

1. Call to Order
2. Secretary's Proof of Due Notice of the Meeting and Determination of Quorum
3. Approval of Minutes of the Annual Stockholders' Meeting held on 28 June 2019
4. Notation of Management Report
5. Ratification of Acts of the Board of Directors and Management During the Previous Year
6. Approval of the Proposed Amendment of the By-laws
7. Approval of the Stock Option Plan
8. Election of Directors (including Independent Directors)
9. Appointment of External Auditor
10. Other Matters
11. Adjournment

A copy of the Minutes of the Annual Stockholders' Meeting is available in www.arthaland.com.

There is no other matter with respect to reports for which the appropriate action by the stockholders is required will be presented.

ITEM 16. Matters Not Required To Be Submitted

There are no matters not required to be submitted to the stockholders which will be presented at the Annual Stockholders' Meeting.

ITEM 17. Amendment of Charter, By-Laws or Other Documents

The stockholders will not be asked during the annual meeting to approve any proposed amendment to the Articles of Incorporation or By-laws of Arthaland.

ITEM 18. Other Proposed Action

The appointment of RT&Co as External Auditor of Arthaland for 2021 will be taken up at the Annual Stockholders' Meeting.

ITEM 19. Voting Procedures – Voting for Corporate Actions

a. Voting for Corporate Actions

Voting on matters submitted for stockholders' approval during the Annual Stockholders' Meeting shall be done in accordance with Securities and Exchange Commission (SEC) Memorandum Circular No. 6, Series of 2020 dated 12 March 2020[26] which provides the guidelines on voting through proxy, remote communication or *in absentia*, and shall be supervised by the designated staff of RT&Co and BDO Unibank, Inc.-Trust and Investments Division, the External Auditor and the Stock and Transfer Agent of Arthaland, respectively.

b. Nominations and Voting for the Election of Directors

(1) Section 4, Article II of the By-laws provides that at "all stockholders' meetings, every stockholder shall be entitled to one (1) vote for each share of voting stock standing in his name in the proper books of the Corporation at the time of closing thereof for the purpose of the meeting."

(2) No nominations from the floor during the stockholders' meeting shall be allowed or recognized.

(3) For the purpose of electing directors, the system of cumulative voting shall be followed as provided under Section 4, Article II of the By-laws, to wit:

> "At all stockholders' meetings, every stockholder entitled to vote in accordance with Section 4 of Article VI of these By-laws shall be entitled to one (1) vote for each share of voting stock standing in his name in the proper book of the Corporation at the time of closing thereof for the purpose of the meeting.
>
> "The right to vote of stockholders may be exercised in person, through proxy or remote communication, *in absentia,* or through such alternative modes as may be provided by applicable laws and regulations.
>
> "At every election of directors, each stockholder entitled to vote during the meeting in accordance with Section 4 of Article VI of these By-laws is entitled to one (i) vote for each share of stock held by him for as many persons as there are directors to be elected, or to cumulate said shares and give one (1) candidate as many votes as the number of

[26] Guidelines on the Attendance and Participation of Directors, Trustees, Stockholders, Members, and Other Persons of Corporations in Regular and Special Meetings through Teleconferencing, Video Conferencing and Other Remote or Electronic Means of Communication

directors multiplied by the number of his share shall equal, or to distribute such votes on the same principle among as many candidates as he shall think fit."

The total number of votes to be cast by the stockholder must not exceed the number of shares owned by him/it as shown in the books of Arthaland multiplied by the whole number of directors to be elected.

(4) Voting for the election of Directors shall be done in accordance with SEC Memorandum Circular No. 6, Series of 2020 dated 12 March 2020 and such internal procedures issued pursuant thereto. This will be supervised by the designated staff of the External Auditor and the Stock Transfer Agent.

- Signature page follows. -

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Information Statement is true, complete and correct. This is signed on the date and place indicated below.

ARTHALAND CORPORATION
By:

RIVA KHRISTINE V. MAALA
Corporate Secretary and General Counsel

SUBSCRIBED AND SWORN to before me this **01 June 2021** at **Taguig City, Philippines**, affiant exhibiting to me her **Passport Number P4663090B** issued on **03 February 2020** by the Department of Foreign Affairs-NCR East, Philippines.

Doc. No. 13
Page No. 4
Book No. 18
Series of 2021.

GAUDENCIO A. BARBOZA JR.
NOTARY PUBLIC
UNTIL DEC. 31, 2022
PTR NO. A-5063681/1-4-2021/ TAGUIG CITY
IBP NO. 131041/10-22-2020 RSM(FOR YR. 2021
ROLL NO. 41969
MCLE COMP. VI No. 0021812
MARCH 29,2019
APP No. 38(2021-2022)

Attachments:

Management Report
Certifications of Independent Directors
a. **Fernan Victor P. Lukban**
b. **Hans B. Sicat, and**
c. **Andres B. Sta. Maria**
Audited Financial Statements for 2020 (including Statement of Management Responsibility)
SEC Form 17-Q (First Quarter 2020)

UNDERTAKING

ARTHALAND CORPORATION undertakes to provide, without charge, a copy of its Annual Report (SEC Form 17-A) to any person soliciting a copy thereof upon written request addressed to the Corporate Secretary with principal office address at the 7/F Arthaland Century Pacific Tower, 5th Avenue corner 30th Street, Bonifacio Global City, Taguig City 1634 Philippines.

MANAGEMENT REPORT

BUSINESS AND GENERAL INFORMATION

a. Business Development

ARTHALAND CORPORATION (or "Arthaland", for brevity) is a world-class boutique real estate developer of enduring and sustainable properties. It has built its mark in the Philippine real estate market by giving its commitment to sustainability and innovation, and by developing and managing properties that adhere to the global and national standards in green buildings.

Arthaland was incorporated on 10 August 1994[1] for the purpose of engaging in property development of residential, commercial, leisure and industrial projects. Its principal office is at the 7/F Arthaland Century Pacific Tower, 5th Avenue corner 30th Street, Bonifacio Global City, Taguig City 1634[2].

Arthaland instituted several corporate actions since 2007 which led to the entry of investors AO Capital Holdings 1, Inc. (AOCH1), Elite Holdings, Inc., and CPG Holdings, Inc. (CPG).

On 22 September 2016, Arthaland's authorized capital stock was increased[3] to ₱2,996,257,135.82 divided into ₱2,946,257,135.82 of Common shares (consisting of 16,368,095,199 Common shares with a par value of ₱0.18 per share), and ₱50,000,000.00 of redeemable, non-voting and non-participating Preferred shares (consisting of 50,000,000 Preferred shares with a par value of ₱1.00 per share).

Of the ₱50,000,000.00 increase in capital stock, Arthaland issued cumulative, non-voting, non-participating, non-convertible Peso-denominated 12,500,000 Preferred shares (the "Series A Preferred Shares") to Manchesterland Properties, Inc., and 20,000,000 Preferred shares (the "Series B Preferred Shares"), which are likewise cumulative, non-voting, non-participating, non-convertible and Peso-denominated, among other conditions, to the public. In June 2019, Arthaland again issued to the public 10,000,000 Preferred shares (the "Series C Preferred Shares") which are also cumulative, non-voting, non-participating, nonconvertible, and Peso-denominated, among other conditions.

All of Arthaland's issued and outstanding common shares, Series B and Series C Preferred shares are listed with and traded in the Philippine Stock Exchange (PSE) with the trading symbols "ALCO", "ALCPB", and "ALCPC", respectively.

As of the date of this Report, CPG and AOCH1 continue to be the largest stockholders of Arthaland with 40.29% and 26.02%, respectively, of the total issued and outstanding shares.

b. Business/Projects

Arthaland's main business activity is the development of premium, enduring and sustainable properties by bringing together a brain trust of experts in property development and management. It is focused on pursuing its defined niche developments independently and with its joint venture partners, as embodied by its key projects and developments in the pipeline.

[1] Arthaland was originally registered as Urbancorp Realty Developers, Inc. but was renamed in 2003 as EIB Realty Developers, Inc. On 26 January 2009, the Securities and Exchange Commission (SEC) approved anew the change of the corporate name to Arthaland Corporation.
[2] Approved by the SEC on 04 September 2018.
[3] The authorized capital stock was originally ₱2,946,257,135.82 divided into 16,368,095,199 Common shares only at a par value of ₱0.18 per share.

Arthaland has developed high-rise residential and office properties of 110,000 square meters of gross floor area. Its portfolio is targeted to expand five-fold to almost 500,000 square meters of a mix of horizontal and vertical residential and student accommodations, and commercial, office and retail developments.

For Arthaland, the principles and practice of sustainability are deeply ingrained and anchored on its commitment to having all developments pursue locally and globally recognized green building certifications. These certifications include Leadership in Energy and Environmental Design (LEED), Building for Ecologically Responsive Design Excellence (BERDE), Excellence in Design for Greater Efficiencies (EDGE) and WELL Building Standard (WELL).

Arthaland's adherence to these ratings demonstrates its strong commitment to environmentally responsible building practices. Sustainability is at the heart of every Arthaland project.

Arthaland is well known in the industry for its superior design, high quality standards with focus on sustainability, innovation and excellent property management services, as seen in the following projects:

Arya Residences in Bonifacio Global City is the first and only residential building in the country to date to have received dual certification – LEED Gold and BERDE 4-star certifications. It has garnered several national and international recognitions for design, quality and sustainability, and in 2020, it was awarded ANZ/PH 3-Star under the Philippine Green Building Council's (PHILGBC) Advancing Net Zero (ANZ) pilot program.

Arthaland Century Pacific Tower (ACPT) in Bonifacio Global City is the first multi-certified office in the country. It has received LEED Platinum certification, BERDE 5-star certification, EDGE Zero Carbon certification, and WELL Health-Safety Rating, all of which are the highest and most prestigious categories in these green building rating standards. It was granted the world's first net-zero award under the EDGE program of the International Finance Corporation (IFC), a member of the World Bank Group. In 2020, ACPT received Net Zero Energy or ANZ/PH 5-Star under PHILGBC's Advancing Net Zero pilot program.

Cebu Exchange, Arthaland's initial project in the Visayas region, is located at the gateway of the Cebu IT Park. With approximately 11 hectares of gross floor area, Cebu Exchange is the largest multi-certified sustainable office tower in the Philippines. It has achieved LEED Gold pre-certification, BERDE Design 5-star certification and WELL pre-certification, in addition to being registered with EDGE green building certification. Pre-selling is ongoing. Cebu Exchange's Phase 1 and retail area has started turnover in October 2020 while Phase 2 is targeted for completion in the fourth quarter of 2021.

Savya Financial Center is a two-tower, grade-A midrise office development with a fully integrated retail component, envisioned to be the new capital address for business and commerce in Arca South, Taguig City. It will stand as a one-of-a-kind global address created to the highest standards. Both the North and South towers of Savya Financial Center are designed and built with innovative technology, sustainability and wellness features. It has achieved LEED Gold and WELL pre-certifications in addition to being registered with BERDE and EDGE green building certifications. Pre-selling is on-going. The North tower which had topped off as of the date of this Report is targeted for completion by the end of 2021.

Sevina Park in Biñan, Laguna is the first and only master planned mixed-use community in Southeast Asia to achieve Platinum certification for both LEED for

Neighborhood Development (LEED ND) and LEED for Homes (LEED Home) for its four-bedroom villa unit. All villa units are registered with EDGE green building certification as well. This 8-hectare development is comprised of distinctive homes, student residences, mid-rise residential condominiums and curated office and retail spaces. Pre-selling of 108 limited-edition designer villas is on-going and the first tranche is targeted for turnover to homeowners in the latter part of 2021.

Courtyard Hall is the student dormitory within Sevina Park in Biñan City, Laguna adjacent to the De La Salle University Science and Technology campus.

What makes Arthaland different from other developers is that after a project is completed and/or turned over to the respective buyers or tenants thereof, Arthaland continues to provide property management services to the condominium corporation or homeowners association. Post-completion involvement allows Arthaland to maintain a high standard of quality in the maintenance of all its developments for years to come.

c. Subsidiaries

Below are the domestic companies in which Arthaland has shareholdings. Arthaland has 100% ownership interest in these companies with the exception of Cebu Lavana Land Corp. and Savya Land Development Corporation.

i. **Bhavana Properties, Inc.** was incorporated on 15 July 2019 with the primary purpose of engaging in the realty development business. It is the investment vehicle Arthaland used to purchase a parcel of land with a total area of 2,245 square meters, more or less, located in Corner Samar Loop Road and Ayala, Hipodromo, Cebu City, which will be the site of its next project in the Visayas.

ii. **Bhavya Properties, Inc.** was incorporated on 19 July 2019 with the primary purpose of engaging in the realty development business. It is the investment vehicle Arthaland used in acquiring First Capital Condominium located at 119 Rada Street, Legaspi Village, Makati City, with the objective of developing therein a high-end residential condominium.

iii. **Cazneau Inc.** was incorporated on 31 July 2008, principally to engage in the realty development business, including, but not limited to, the acquisition, construction, utilization and disposition, sale, lease, exchange or any mode of transfer, of residential, industrial or commercial property. In September 2016, Cazneau acquired the 8.1-hectare property in Biñan, Laguna where Sevina Park is currently being developed.

iv. **Cebu Lavana Land Corp. (CLLC)** was incorporated on 11 September 2015 to principally engage in the realty development business. It is the vehicle Arthaland used to acquire two parcels of adjacent land in Cebu City, to develop the same into an office building to be known as Cebu Exchange. In January 2016, Rock & Salt B.V., a foreign private limited liability company existing and duly constituted under the laws of The Netherlands and managed by Arch Capital Management Company Limited, subscribed to 40% of CLLC's shares of stock.

v. **Emera Property Management, Inc.** was incorporated on 31 July 2008[4]. It was originally established to engage in the realty development business but now serves as the property management arm of Arthaland for Arya, ACPT, Sevina Park and all its succeeding development projects to ensure the maintenance of high-quality standards therein.

[4] Emera was originally registered as Technopod, Inc. but was renamed on 30 October 2013.

vi. **Manchesterland Properties, Inc. (MPI)** was incorporated on 27 March 2008 and is presently the registered owner of the commercial units in Arya Plaza at Arya Residences and some non-appurtenant parking slots therein.

vii. **Pradhana Land, Inc.** was incorporated on 09 September 2019 with the primary purpose of engaging in the realty development business. This is the investment vehicle that will be used for Arthaland's succeeding projects, the details of which will be disclosed at the appropriate time.

viii. **Savya Land Development Corporation (SLDC)** was incorporated on 10 February 2017 principally to engage in the realty development business. It is the vehicle Arthaland used to acquire Lots 9 and 10 in Arca South located in Barangay West Bicutan, Taguig City. In August 2019, the Securities and Exchange Commission (SEC) approved SLDC's application to merge with Arcosouth Development, Inc. ("Arcosouth"), with SLDC as the surviving entity. Arcosouth is the registered owner of the lot adjacent to SLDC's property, *i.e.* Lot 11. The objective of the merger is to jointly develop the three (3) lots into an office building to be known as Savya Financial Center.

ix. **Kashtha Holdings, Inc. (KHI)** was incorporated on 01 October 2019, with the objective of making it a 60-40 joint venture company ("JV Company") between Arthaland and Mitsubishi Estate Company Limited ("MEC"), which will (i) acquire and thereafter, own and hold the 50% equity interest of Arthaland in SLDC, thereby making KHI the direct 50% stockholder therein, and (ii) acquire by assignment the shareholder's advances made by Arthaland to SLDC. Arthaland and MEC executed the relevant documents for the purpose in June 2020 and are awaiting the appropriate Certificates Authorizing Registration to enable them to reflect these transactions accordingly in their respective records.

x. **Urban Property Holdings, Inc. (UPHI)** was incorporated on 23 January 1995 and was established for the development of a housing project on its 33-hectare property located in Calamba, Laguna. This plan may, however, change subject to market conditions.

xi. **Zileya Land Development Corporation** was incorporated on 28 December 2015 with the primary purpose of engaging in the realty development business. It is the investment vehicle used by Arthaland in the acquisition of certain condominium units in Mid-land Mansions Condominium located at 839 A. Arnaiz Avenue, Legazpi Village, 1200 Makati City.

None of these subsidiaries are engaged in any bankruptcy, receivership or similar proceedings. Also, for the period covered by this Report, these subsidiaries are neither parties to any transaction which involves material reclassification, merger, consolidation or purchase or sale of a significant amount of assets, except as otherwise discussed herein.

Further, neither Arthaland nor any of its subsidiaries is a party to any legal action arising from the ordinary course of its respective businesses with the exception of the following cases:

1. Termination of Trust Account

In February 2015, Arthaland filed a claim before the Regional Trial Court of Makati City, Branch 149 in relation to the petition for liquidation of Export and Industry Bank represented by the Philippine Deposit Insurance Corporation (PDIC). Arthaland maintained a Trust Account with the bank prior to its closure in April 2012 and had demanded from PDIC the termination of said account and the release of the owner's duplicate copies of three (3) transfer

certificates of title which had been placed in the custody of the bank's Trust Department. Arthaland does not have any interest in the remaining assets of the bank to be liquidated, but it was constrained to make this claim before the liquidation court given that PDIC refused to act on the matter.

In an Order dated 08 May 2017, Arthaland was directed to file the necessary complaint and for PDIC to submit its Answer in order that there is a separate docket and hearing of the same and thereby enable the court to have a full and complete resolution of the issues presented by Arthaland.

Management will be filing the appropriate case in due course.

2. Quieting of Title

UPHI filed a complaint for quieting of title, among other reliefs, before the Regional Trial Court of Calamba, Laguna, Branch 36 because of the erroneous issuance of tax declarations to several individual defendants by the City of Tagaytay covering UPHI's 33-hectare property registered in Calamba City. It also wanted to seek clarification with respect to which city UPHI is under legal obligation to pay real property taxes, *i.e.,* Calamba City or Tagaytay City.

In a Decision dated 16 December 2019, the court dismissed the complaint for being premature considering both cities claim territorial jurisdiction over the property but there is no pending territorial dispute between them, and that said dispute may only be resolved through a joint session between their respective *Sangguniang Panlalawigan* (should be *Panlungsod*) pursuant to the Local Government Code. There is no cloud over the title and the court ruled that UPHI should continue paying real property tax to Calamba City because of the admission of Tagaytay City that UPHI's property is titled under the Torrens System which categorically states that it is located in Calamba City. Also, both cities had stipulated that the title to the property is in the custodial jurisdiction and safe keeping of the Register of Deeds of Calamba City, and Tagaytay City did not make any claim or request for the transfer of said title to its own custodial jurisdiction and safe keeping.

UPHI filed a Motion for Partial Reconsideration of the foregoing Decision. The court granted the same in an Order dated 05 June 2020 and declared, among others, that UPHI is the true and lawful owner of the 33-hectare property registered in its name and enjoined it to continue paying for the real property taxes in Calamba City. Further, in the event the local government of the City of Tagaytay insists that the subject property is within its territorial jurisdiction, the court directed the cities of Calamba and Tagaytay to make the initiative through their respective *Sangguniang Panlungsod* and through a joint session, to resolve any territorial dispute between them in accordance with the Local Government Code of 1991.

The City of Tagaytay and one of the individual defendants[5] filed an appeal before the Court of Appeals. The parties have filed their respective pleadings and are awaiting resolution of the matter.

3. Expropriation

Petitioner National Power Corporation (NAPOCOR) filed in November 1995 before the Regional Trial Court of Calamba, Laguna, Branch 34, a Petition for Expropriation of Properties to be affected by the Tayabas-Dasmariñas 500 kV transmission line right, which included a portion of UPHI's property with an area of about one (1) hectare. The court issued a Writ of Possession in favor of NAPOCOR in 1996.

[5] The lone defendant who appealed is Ms. Rosalinda Reyes.

In July 1999, NAPOCOR and UPHI agreed to refer to commissioners the determination of just compensation for UPHI. UPHI did not question the propriety of expropriation any further but continued to participate in the proceedings having found NAPOCOR's valuation unreasonable and to enable it to submit evidence as and when the commissioners required the same. The matter was eventually elevated before the Court of Appeals in 2015 and is still pending resolution to date.

UPHI intends to amicably settle with the National Transmission Corporation (successor-in-interest of NAPOCOR), since it had already been deprived of effective use and enjoyment of a portion of the property. An amicable settlement with the National Transmission Corporation could allow UPHI to recoup the cost of the loss.

5. Claim for Refund

a. A buyer[6] offered to purchase a unit in Arya Residences, paid the reservation fee and signed the Reservation Agreement, which reads, in part, that should the buyer "fail to pay any of the amounts due xxx, the Seller shall have the sole option to (i) cancel the sale and forfeit in its favor all payments made xxx." A total of ₱950,000.00 was paid in a span of less than one (1) year and the buyer defaulted in the rest of the obligations. The sale was, therefore, cancelled accordingly. The buyer demanded a refund of all payments made, as well attorney's and appearance fees, by filing a complaint before the Housing and Land Use Regulatory Board (HLURB)[7] on May 2017.

   In a Decision dated 19 January 2018, the HLURB dismissed the complaint for lack of merit, primarily because of Republic Act No. 6552, otherwise known as the "Realty Installment Buyer Protection Act". For a buyer to be entitled to refund, he or she must have paid at least two (2) years of installments, and even then, only the cash surrender value of the payments shall be refunded, which is equivalent to 50% of the total payments made. The Decision was not appealed.

b. Another buyer[8] offered to purchase a unit in Arya Residences in November 2012, paid the reservation fee but failed to pay the amortization and other charges which became due in January 2014, on the ground that a viewing of the unit was not allowed beforehand, notwithstanding that pursuant to the Contract to Sell signed, full payment of the account is required prior to turnover of the unit. A viewing of the unit is not scheduled until the account is fully paid since inspection is the initial step of the turnover process. All buyers of Arya Residences were treated in the same manner.

   In November 2017, the buyer filed a complaint before the HLURB and demanded the return of all payments made in a span of one (1) year amounting to ₱942,718.53.

   In a Decision dated 05 April 2019, Arthaland was directed to refund to the buyer ₱942,718.53 and pay attorney's fees and actual damages in the total amount of ₱70,000.00.

   On 15 May 2019, Arthaland appealed the foregoing Decision arguing, among others, that Republic Act No. 6552 should have been applied as it is the special law governing transactions that involve, subject to certain exceptions, the sale on installment basis of real property. However, the adverse Decision was affirmed. Arthaland will elevate the matter to the Court of Appeals accordingly after its Motion for Reconsideration is resolved.

[6] The complainant is Ms. Bernadette Villaseñor.
[7] Now Department of Human Settlements and Urban Development.
[8] The complainant is Ms. Anita Medina-Yu.

6. Labor

a. In an Order dated on 03 July 2017, the Department of Labor and Employment (DOLE) found Arthaland non-compliant with certain labor standards per Rules 1020, 1030, 1040, 1050 and 1065. Records, however, show that Arthaland is in fact compliant. A Memorandum of Appeal was filed in October 2017 because serious errors in the finding of facts were committed by DOLE which, if not corrected, would cause grave or irreparable damage or injury to Arthaland. Among the reliefs sought are the recall of the Order for Compliance and a finding that Arthaland is fully compliant with labor laws and occupational health and safety standards.

   In a Resolution dated 24 March 2021, the DOLE granted Arthaland's appeal and found the Order dated on 03 July 2017 complied with.

b. In an Order dated 29 November 2017, the DOLE found that Arthaland did not comply and failed to effect corrective actions on noted deficiencies per Rules 1050, 1060 and 1065 within the period prescribed by the Labor Laws Compliance Officer. A Memorandum of Appeal was filed in February 2018 seeking, among others, the recall of the Order for Compliance and a finding that Arthaland is fully compliant. Arthaland did institute corrective measures and in fact completed the noted deficiencies prior to the issuance of the Order for Compliance. As of the date of this Report, there is no resolution to the Appeal.

The potential effect of the foregoing cases on the financial statements of Arthaland and its subsidiaries cannot be determined at the moment. However, it is believed that the effect thereof, if there is any, is not significant.

d. Competition

Significant barriers to entry into the market are the considerable capital needed for the acquisition and development of land, the development expertise and reputation required from an experienced management team, and the technological know-how from a technical team, to name a few.

Arthaland faces competition from other domestic property developers and the level of competition depends on product types, target market segments, location of developments and pricing, among others. Competition is also present in the procurement of raw materials particularly in a tight supply market.

Arthaland views as direct competition the major property players which are into the middle and high market categories for high-rise residential developments in the vicinity of Arthaland's investment properties. Further, Arthaland competes with these property developers for high-caliber sales/leasing agents and brokers.

Arthaland believes that given the desirability of the project locations, its strict adherence to quality, innovation and sustainability, its competitive pricing schemes and commitment to its projects even after sales, it will be able to compete effectively.

Arthaland considers two (2) direct competitors in the high-end residential market segment in terms of relative quality of development and pricing of products – Ayala Land, Inc. and Rockwell Land Corporation. These companies have been in the business many years earlier than Arthaland and therefore, have stronger brand equity, longer track record, and financial mileage. In the office development front, Arthaland competes with both large and medium-scale developers such as Ayala Land, Inc., The Net Group, Daiichi Properties, and other local

developers, particularly in Cebu City. These companies are considered to have the greater share of the market at the moment.

Arthaland intends to primarily capitalize on its niche market by developing projects in distinct locations, which are unique and special in terms of design, and sustainable and wellness features. Arthaland is the pioneer in sustainable developments being the first and only company to have all of its projects multi-certified with LEED, BERDE, EDGE and WELL. It intends to continue to provide distinctive products with better quality at more competitive pricing. Arthaland believes it can achieve this given its substantially lower overhead costs, being a relatively leaner organization.

e. Industry Risk

The property development sector is cyclical and is subjected to the Philippine economic, political and business performance. The industry is dependent primarily on consumer spending for housing. In the past years, a significant portion of housing demand is being driven by purchases from the Overseas Filipino Workers (OFWs) market. This exposes the industry to the economic performance of foreign countries of the overseas workers such as the United States, the Middle East and countries in Europe.

Data from *Bangko Sentral ng Pilipinas* (BSP) shows that cash remittances sent by OFWs slipped by 0.8% to US$29.9 billion (₱1.4 trillion) in 2020. This is lower than their previous projection of a 2.0% contraction. The figure, however, ended 19 consecutive years of growth. In 2021, BSP is expecting a recovery of about 4% in remittances as they expect a greater deployment of OFWs in the next 12 months compared to 2020.

The office market has been largely driven by the BPO sector which caters largely to US and European customers. It is important to note that while the US and Europe remain to be the largest client-base contributors to the country's information technology and business process management (IT-BPM) sector, the industry is currently moving to high value and high potential markets in Australia, New Zealand and other neighboring countries in the region. Other than voice-based offshore services, the IT-BPM industry is also gearing towards high-value knowledge-based services, including financial, legal, medical, architectural and animation sectors.

The BPO industry, organized under the IT-Business Process Association of the Philippines (IBPAP), comprises primarily of contact centers, back office operations and medical transcription, among others. The fastpaced growth of this industry in the past five (5) years as well as its prospects for the next five (5) to ten (10) years in Metro Manila and other emerging cities across the Philippines have become the major drivers of growth in the office sector of the property industry. The absorption rate of newly built office buildings in major central business districts and key cities remain high because of the requirements of these BPO companies. Firms providing essential goods and services such as ecommerce and their corresponding outsourcing services are likely to lead office space take-up in 2021.

Overall, the industry, and necessarily Arthaland and its subsidiaries, contend with risks relating to volatility in overseas remittances, interest rates, credit availability, foreign exchange, political developments, costs and supply of construction materials, wages, and changes in national and local laws and regulations governing Philippine real estate and investments. Arthaland and its subsidiaries are sensitive to: (i) the political and security situations of the country since its sales comes from both foreign and local investors, and (ii) the performance of overseas remittances and the BPO sectors as these inflows find their way into investments in housing and commercial products.

Arthaland has a very rigid credit approval system to ensure that its buyers are financially capable of meeting their payment schedules. It has a committee which evaluates credit worthiness of prospective buyers and regularly monitors the economic performance of the country and global players through internal research and consultations with its property consultants to be able to timely adjust policies on pricing, payment schemes and timing of new project launches.

f. Sources and availability of raw materials

In general, construction of Arthaland's projects is awarded to qualified reputable construction firms subject to a bidding process and Management's evaluation of contractors' qualifications and satisfactory working relationships. Construction materials, primarily cement and rebars, are normally provided by the contractors as part of their engagement. However, Arthaland has the right and may opt to procure owner-supplied construction materials, should Management find the same to be more cost-effective for its projects.

g. Advances to Related Parties

In the regular conduct of business, Arthaland, its subsidiaries and partners, and other related companies enter into intercompany transactions, primarily advances necessary to carry out their respective functions subject to liquidation and reimbursements for expenses. Arthaland ensures that while these transactions are made substantially on the same terms as with other individuals and businesses of comparable risks, they are fair and treated at arm's length.

Intercompany transactions between and among Arthaland, its subsidiaries and related companies are discussed in the Audited Financial Statements hereto attached.

h. Patents and Trademarks

Arthaland's operations are not dependent on patents, trademarks, copyrights and the like, although Arthaland, on its own behalf and those of its subsidiaries, sought from the Intellectual Property Office of the Philippines and was granted the exclusive use of the tradenames, logos and taglines "Arthaland Future Proof by Design", "Arthaland Century Pacific Tower", "ARTHALAND Building Sustainable Legacies", "Cebu Exchange", "Savya Financial Center", and "Sevina Park". The tradename "Arya Residences" now belongs to Arya Residences Condominium Corporation.

i. Government approval for principal products or services

Arthaland secures various government approvals such as Environmental Compliance Certificates (ECCs), development permits and licenses to sell as part of its normal course of business.

Arthaland does not foresee any material or adverse effect of existing and probable government regulations on its business.

j. Cost and Effects of Compliance with Environmental Laws

Arthaland complied with all environmental regulatory requirements for both the pre-construction and operational phases of all its projects and paid for the imposed dues.

Arthaland goes beyond the mandatory environmental framework, being a member and supporter of the USGBC and the PHILGBC. Arthaland is also a supporter of the IFC and the World Green Building Council.

Arthaland will definitely be obtaining the requisite government approvals for its subsequent projects based on the projects' timetable for development and pre-selling.

k. Employees

As of 31 December 2020, Arthaland had a total of 113 personnel, 53 of whom are in management and 60 are non-managers[9]. As of the same period, Arthaland also engaged 143 sales agents.

The above personnel are not covered by a collective bargaining agreement.

The additional employees who will be hired for the succeeding year cannot be determined but the same will be closely aligned with Arthaland's actual and programmed growth.

l. Working Capital

Generally, Arthaland finances its projects through internally generated funds, loans from banks and sometimes, support from its major shareholders, such as the non-interest bearing loans obtained from Centrobless Corporation[10], a majority owned subsidiary of Century Pacific Group, Inc., which is the same majority shareholder of CPG, Arthaland's largest stockholder at present, and from Signature Office Property, Inc.[11], which is majority-owned and chaired by Arthaland Director Jaime Enrique Y. Gonzalez.

The amount spent on development activities and its percentage vis-à-vis the revenues during the last two (2) fiscal years are reflected and discussed in Arthaland's Audited Financial Statements for the period covered by this Report, a copy of which is hereto attached.

OPERATIONAL INFORMATION

a. Market Information

Only the Common shares and the Preferred shares Series B and Series C of Arthaland are traded in the Philippine Stock Exchange.

The following are the highlights of quarterly trading of the Common shares:

	2020			2019			2018		
Quarter	High	Low	Close	High	Low	Close	Low	Low	Close
1	0.62	0.57	0.61	0.83	0.82	0.83	0.86	0.84	0.86
2	0.57	0.52	0.56	0.88	0.84	0.88	0.77	0.76	0.76
3	0.54	0.52	0.53	0.92	0.87	0.92	0.68	0.68	0.65
4	0.65	0.62	0.65	0.81	0.78	0.81	0.98	0.84	0.96

The following are the highlights of quarterly trading of the Preferred shares Series B which were listed on 06 December 2016:

[9] These employees do clerical, administrative and operational day to day tasks, are given directives, and do not have any authority to make decisions for the company.
[10] The loan amounting to ₱1,650,643,779.00 has been fully settled as of 31 December 2018.
[11] This loan amounting to ₱207,051,912.00 has been fully settled as of 31 December 2018.

	2020			2019			2018		
Quarter	High	Low	Close	High	Low	Close	High	Low	Close
1	-	-	-	-	-	-	-	-	-
2	-	-	-	-	-	-	101.5	101.1	101.1
3	-	-	-	-	-	-	-	-	-
4	-	-	-	101.3	98.25	101.3	-	-	-

The following are the highlights of quarterly trading of the Preferred shares Series C which were listed on 27 June 2019:

	2020			2019			2018		
Quarter	High	Low	Close	High	Low	Close	High	Low	Close
1	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
2	104.9	104.9	104.9	101.1	101.1	101.1	N/A	N/A	N/A
3	-	-	-	101.1	101.1	101.1	N/A	N/A	N/A
4	110	110	110	-	-	-	N/A	N/A	N/A

The trading highlights of the first quarter of 2021 are as follows:

	ALCO			ALCPB			ALCPC		
Quarter	High	Low	Close	High	Low	Close	High	Low	Close
1	0.64	0.63	0.63	102	100.6	100.6	-	-	-

The closing market prices of ALCO, ALCPB and ALCPC as of 30 April 2021 are ₱0.64, ₱100.50 and ₱103.00, respectively.

b. Security Holders

The total shares issued and outstanding are as follows:

Common	-	5,318,095,199
Preferred Series A	-	12,500,000
Preferred Series B	-	20,000,000
Preferred Series C	-	10,000,000.

As of 31 December 2020, the number of shareholders of record is as follows:

Common	-	1,939
Preferred Series A	-	1
Preferred Series B	-	12
Preferred Series C	-	2

Arthaland's public ownership percentage as of said period is 29.9059%.

Article Seventh of Arthaland's Articles of Incorporation provides that its shares of stock are not subject to pre-emptive rights of the stockholders and may therefore be issued in such quantities at such times and with such features as the Board of Directors may determine and prescribe, provided that the Preferred shares shall be redeemable, non-voting and non-participating. Article Tenth further provides that no issuance or transfer of shares of stock shall be allowed if it will reduce the ownership of Filipino citizens to less than the percentage required by law.

Arthaland's top 20 stockholders of Common shares as of 31 December 2020 are as follows:

Name of Shareholders	No. of Shares	%
1. CPG Holdings, Inc.	2,017,619,910	37.938
2. AO Capital Holdings I, Inc.	1,383,730,000	26.019
3. PCD Nominee Corporation – Filipino	1,358,373,965	25.542
4. PCD Nominee Corporation – Non-Filipino	307,006,135	5.773
5. Elite Holdings, Inc.	119,809,996	2.253
6. Tina Keng	25,000,000	0.470
7. EQL Properties, Inc.	14,671,125	0.276
8. Urban Bank Trust Department – A/C No. 625	4,838,488	0.091
9. RBL Fishing Corporation	4,350,000	0.082
10. Veronica D. Reyes	3,799,272	0.071
11. Veronica D. Reyes and/or Cecilia D. Reyes	2,654,061	0.050
12. Theodore G. Huang and/or Corazon B. Huang	2,501,250	0.047
13. Anito Tan and/or Lita Tan	2,027,049	0.038
14. Lourdes D. Dizon	1,740,000	0.033
15. Kwan Yan Dee and/or Christina Dee	1,631,250	0.031
16. Dante Garcia Santos	1,631,250	0.031
17. Luciano H. Tan	1,505,950	0.028
18. Samuel Uy	1,087,500	0.020
19. Datacom Systems Corp.	1,004,394	0.019
20. Mitsu Machine Phils Inc.	998,313	0.019
TOTAL	5,255,979,908	98.831

The top 20 stockholders of Common shares as of 30 April 2021 are as follows:

Name of Shareholders	No. of Shares	%
1. CPG Holdings, Inc.	2,017,619,910	37.938
2. PCD Nominee Corporation – Filipino	1,652,390,790	31.071
3. AO Capital Holdings I, Inc.	1,383,730,000	26.019
4. Elite Holdings, Inc.	119,809,996	2.253
5. Tina Keng	25,000,000	0.470
6. EQL Properties, Inc.	14,671,125	0.276
7. PCD Nominee Corporation – Non-Filipino	13,087,310	0.246
8. Urban Bank Trust Department – A/C No. 625	4,838,488	0.091
9. RBL Fishing Corporation	4,350,000	0.082
10. Veronica D. Reyes	3,799,272	0.071
11. Veronica D. Reyes and/or Cecilia D. Reyes	2,654,061	0.050
12. Theodore G. Huang and/or Corazon B. Huang	2,501,250	0.047
13. Anito Tan and/or Lita Tan	2,027,049	0.038
14. Lourdes D. Dizon	1,740,000	0.033
15. Kwan Yan Dee and/or Christina Dee	1,631,250	0.031
16. Dante Garcia Santos	1,631,250	0.031
17. Luciano H. Tan	1,505,950	0.028
18. Samuel Uy	1,087,500	0.020
19. Datacom Systems Corp.	1,004,394	0.019
20. Mitsu Machine Phils Inc.	998,313	0.019
TOTAL	5,256,077,908	98.834

The shareholder of the Preferred shares Series A as of 31 December 2020 and 30 April 2021 remains to be MPI, a wholly-owned subsidiary of Arthaland.

Arthaland's top stockholders of Preferred shares Series B as of 31 December 2020 are as follows:

Name of Shareholders	No. of Shares	%
1. PCD Nominee Corporation – Filipino	19,696,530	98.483
2. PCD Nominee Corporation – Non-Filipino	174,870	0.874
3. Antonio T. Chua	35,100	0.176
4. Chiong Ping G. Ching and/or Maria Gracia J. Tan	29,000	0.145
5. Chiong Ping Go Ching and/or Chiong Bio Go Ching	29,000	0.145
6. Ching Bun Teng Tiu and/or Ching Chiong Ping Go and/or Ongking Giovanna Joy Tan	29,000	0.145
7. Mariano Vicente Lim Tan or Elena Lim Tan or Katherine Lim Tan	3,500	0.018
8. Christopher Chua W. Kawpeng	600	0.003
9. Daniel Chua W. Kawpeng	600	0.003
10. David Chua W. Kawpeng	600	0.003
11. Edwin Chua W. Kawpeng	600	0.003
12. Tomas Chua W. Kawpeng	600	0.003
TOTAL	20,000,000	100.000

The top stockholders of Preferred shares Series B as of 30 April 2021 are as follows:

Name of Shareholders	No. of Shares	%
1. PCD Nominee Corporation – Filipino	19,696,530	98.483
2. PCD Nominee Corporation – Non-Filipino	174,870	0.874
3. Antonio T. Chua	35,100	0.176
4. Chiong Ping G. Ching and/or Maria Gracia J. Tan	29,000	0.145
5. Chiong Ping Go Ching and/or Chiong Bio Go Ching	29,000	0.145
6. Ching Bun Teng Tiu and/or Ching Chiong Ping Go and/or Ongking Giovanna Joy Tan	29,000	0.145
7. Mariano Vicente Lim Tan or Elena Lim Tan or Katherine Lim Tan	3,500	0.018
8. Christopher Chua W. Kawpeng	600	0.003
9. Daniel Chua W. Kawpeng	600	0.003
10. David Chua W. Kawpeng	600	0.003
11. Edwin Chua W. Kawpeng	600	0.003
12. Tomas Chua W. Kawpeng	600	0.003
TOTAL	20,000,000	100.000

Arthaland's top stockholders of Preferred shares Series C as of 31 December 2020 are as follows:

Name of Shareholders	No. of Shares	%
1. PCD Nominee Corporation – Filipino	9,975,500	99.755
2. PCD Nominee Corporation – Non-Filipino	24,500	0.245
TOTAL	10,000,000	100.000

The top stockholders of Preferred shares Series C as of 30 April 2021 are as follows:

Name of Shareholders	No. of Shares	%
1. PCD Nominee Corporation – Filipino	9,975,500	99.755
2. PCD Nominee Corporation – Non-Filipino	24,500	0.245
TOTAL	10,000,000	100.000

c. Dividends

Arthaland declared cash dividends to Common stockholders, as follows:

Declaration Date	Record Date	Payment Date	Amount/Share
28 June 2013	26 July 2013	22 August 2013	₱0.012
10 March 2014	28 March 2014	22 April 2014	₱0.036
09 March 2015	23 March 2015	08 April 2015	₱0.012
28 February 2017	14 March 2017	07 April 2017	₱0.012
21 March 2018	06 April 2018	02 May 2018	₱0.012
21 June 2019	08 July 2019	31 July 2019	₱0.012
26 June 2020	10 July 2020	31 July 2020	₱0.012

Arthaland declared cash dividends to holders of Preferred shares Series B, as follows:

Declaration Date	Record Date	Payment Date	Amount/Share
08 February 2017	24 February 2017	06 March 2017	₱1.76145
10 May 2017	25 May 2017	06 June 2017	₱1.76145
09 August 2017	23 August 2017	06 September 2017	₱1.76145
26 October 2017	24 November 2017	06 December 2017	₱1.76145
10 January 2018	09 February 2018	06 March 2018	₱1.76145
09 May 2018	23 May 2018	06 June 2018	₱1.76145
01 August 2018	16 August 2018	06 September 2018	₱1.76145
24 October 2018	12 November 2018	06 December 2018	₱1.76145
21 February 2019	01 March 2019	06 March 2019	₱1.76145
08 May 2019	22 May 2019	06 June 2019	₱1.76145
07 August 2019	22 August 2019	06 September 2019	₱1.76145
23 October 2019	15 November 2019	06 December 2019	₱1.76145
29 January 2020	14 February 2020	06 March 2020	₱1.76145
06 May 2020	21 May 2020	06 June 2020	₱1.76145
05 August 2020	19 August 2020	06 September 2020	₱1.76145
21 October 2020	13 November 2020	06 December 2020	₱1.76145
27 January 2021	15 February 2021	06 March 2021	₱1.76145
05 May 2021	19 May 2021	06 June 2021	₱1.76145

Arthaland declared cash dividends to holders of Preferred Shares Series C, as follows:

Declaration Date	Record Date	Payment Date	Amount/Share
08 August 2019	06 September 2019	27 September 2019	₱1.7319
23 October 2019	29 November 2019	27 December 2019	₱1.7319
29 January 2020	06 March 2020	27 March 2020	₱1.7319
06 May 2020	04 June 2020	27 June 2020	₱1.7319
05 August 2020	04 September 2020	27 September 2020	₱1.7319
21 October 2020	04 December 2020	27 December 2020	₱1.7319
27 January 2021	08 March 2021	27 March 2021	₱1.7319
05 May 2021	07 June 2021	27 June 2021	₱1.7319

No dividends were declared in 2016.

Whether Arthaland still plans to declare dividends within the next twelve (12) months is uncertain but the same shall always be subject to Section 2, Article VII of Arthaland's By-laws which provides, as follows:

"Dividends shall be declared from the unrestricted retained earnings of the Corporation, including stock dividends from paid-in surplus, at such time and in such amounts as the Board of Directors may determine. Dividend declarations shall not in any manner reduce the paid-in capital of the Corporation. Unless otherwise resolved by the Board of Directors, a fraction of one-half or more of a share owing to a stockholder resulting from a declaration of stock dividends shall be issued as one full share, while a fraction of less than one-half share shall be disregarded.

"Declaration of stock dividends shall be submitted to a stockholders' meeting for approval within forty (40) business days from such approval by the Board of Directors, or such other period mandated by applicable laws and regulations of any administrative body the Corporation is subject of. The record date for stock dividends shall not be earlier than the date of approval by the stockholders.

"Declaration of cash dividends shall have a record date, which shall not be less than ten (10) business days but not more than thirty (30) business days from the date of declaration by the Board of Directors, or such other period as mandated by applicable laws and regulations of any administrative body the Corporation is subject of."

d. Recent Sales of Unregistered or Exempt Securities

There are no recent sales of unregistered or exempt shares of Arthaland.

MANAGEMENT DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

FINANCIAL POSITION
31 December 2020 vs. 31 December 2019

	31 Dec 2020	31 Dec 2019	Change
Cash and cash equivalents	**P 941,079,474**	P 407,214,384	131%
Financial assets at fair value through profit or loss (FVPL)	**3,257,288,870**	772,186,717	322%
Receivables	**539,079,767**	389,687,736	38%
Contract Assets	**5,341,881,039**	3,250,482,689	64%
Real estate for sale	**6,894,906,539**	5,410,062,969	27%
Investment properties	**8,315,168,841**	7,280,000,267	14%
Property and equipment	**280,192,479**	282,549,715	-1%
Other Assets	**1,977,606,060**	1,683,647,515	17%
Total Assets	**27,547,203,069**	19,475,831,992	41%
Loans payable	**9,305,693,323**	6,925,381,746	34%
Bonds payable	**2,958,526,698**	-	100%
Accounts payable and other liabilities	**2,792,943,961**	2,488,916,877	12%
Contract liabilities	**27,423,392**	32,179,674	-15%
Advances from non-controlling interests	**1,367,586,297**	1,144,586,297	19%

Net retirement liability	**101,496,418**	99,880,460	2%
Net deferred tax liabilities	**1,763,428,524**	1,309,495,052	35%
Total Liabilities	**18,317,098,613**	12,000,440,106	53%
Capital stock	**999,757,136**	999,757,136	0%
Additional paid-in capital	**3,008,959,878**	3,008,959,878	0%
Retained earnings	**3,779,054,629**	3,161,789,766	20%
Other equity items	**230,363,146**	(207,724)	110999%
Parent Company's shares held by a subsidiary	**(12,500,000)**	(12,500,000)	0%
Total equity attributable to the Parent Company	**8,005,634,789**	7,157,799,056	12%
Non-controlling interests	**1,224,469,667**	317,592,830	286%
Total Equity	**9,230,104,456**	7,475,391,886	23%
Total Liabilities and Equity	**P 27,547,203,069**	P 19,475,831,992	41%

Arthaland's total resources as of 31 December 2020 amounting to ₱27.55 billion is 41% higher than the 31 December 2019 level of ₱19.48 billion due to the following:

131% Increase in Cash and Cash Equivalents
The increase is accounted for by inflows from the issuance of the ASEAN Green Bonds, loan proceeds and sales collections, net of outflows attributed to money market placements, repayments of loans and operational and construction related disbursements.

322% Increase in Financial Assets at Fair Value through Profit or Loss (FVPL)
The increase is accounted for by portions of the ASEAN Green Bonds as well as loan proceeds that were invested in money market placements.

38% Increase in Receivables
The increase is largely due to the revenues recognized from the sale of office units in Cebu Exchange and Savya Financial Center that are already billed to buyers, and receivables from ACPT tenants.

64% Increase in Contract Assets
The increase pertains to the above revenue recognition from the office units in Cebu Exchange and Savya Financial Center where there was an excess of total revenues from real estate sales over the amounts already due and payable by the buyers.

27% Increase in Real Estate for Sale
The increase is mainly due to the additional construction costs incurred for ongoing projects net of amounts charged to Cost of Sales, and acquisition of properties in Makati and Cebu for development, net of cost of real estate sold recognized.

14% Increase in Investment Properties
The increase is mainly attributable to the appraisal gain from ACPT and other investment properties.

17% Increase in Other Assets
The increase is largely attributable to VAT Input payments and advances for purchase of a property.

34% Increase in Loans Payable

The increase is largely attributed to drawdowns from various loan facilities to fund project related disbursements and some working capital requirements.

100% Increase in Bonds Payable
This pertains to the issuance of the ASEAN Green Bonds, net of debt issuance costs, to be used in the acquisition and development of eligible green projects.

12% Increase in Accounts Payable and Other Liabilities
The increase is mainly attributable to payables to contractors for ongoing projects.

15% Decrease in Contract Liabilities
The decrease pertains to down payment received which were subsequently recognized as revenues from real estate sales of office units in Savya Financial Center.

19% Increase in Advances from Non-controlling Interests
The increase pertains to advances made by shareholders of CLLC and KHI.

35% Increase in Net Deferred Tax Liabilities
The increase is mainly due to the deferred tax on the gain on change in fair value of investment properties and excess of financial gross profit over taxable gross profit.

20% Increase in Retained Earnings
The increase is due to the net income for the year, net of dividends declared.

110999% Increase in Other Equity Reserves
The increase is mainly attributable to the excess over cost of proceeds that was received by Arthaland for the sale of 40% of its shares in KHI in favor of MEC.

286% Increase in Non-Controlling Interests
The increase was due to the recognition of NCI's share in the net income of CLLC and SLDC.

FINANCIAL POSITION
31 December 2019 vs. 31 December 2018

	31 Dec 2019	31 Dec 2018	Change
Cash and cash equivalents	**407,214,384**	285,413,332	43%
Financial assets at fair value through profit or loss (FVPL)	**772,186,717**	196,094,319	294%
Trade and other receivables	**389,687,736**	236,463,779	65%
Contract Assets	**3,250,482,689**	785,197,944	314%
Real estate for sale	**5,410,062,969**	3,412,713,425	59%
Creditable withholding tax	**338,105,363**	259,819,891	30%
Investment properties	**7,280,000,267**	5,901,514,575	23%
Property and equipment	**282,549,715**	237,452,955	19%
Deferred tax assets - net	**-**	16,197,731	-100%
Other Assets	**1,345,542,152**	1,005,597,812	34%
Total Assets	**₱19,475,831,992**	₱12,336,465,763	58%
Loans payable	**6,925,381,746**	4,169,976,102	66%
Accounts payable and other liabilities	**2,488,916,877**	1,655,848,013	50%
Contract liabilities	**32,179,674**	20,385,280	58%

Due to a related party	**1,144,586,297**	386,666,691	196%
Retirement liability	**99,880,460**	66,088,998	51%
Net deferred tax liabilities	**1,309,495,052**	779,222,593	68%
Total Liabilities	**₱12,000,440,106**	₱7,078,187,677	70%
Capital stock	**999,757,136**	989,757,136	1%
Additional paid-in capital	**3,008,959,878**	2,031,441,541	48%
Retained earnings	**3,161,789,766**	2,214,144,875	43%
Cumulative re-measurement gains on retirement liability – net of tax	**(207,724)**	18,169,495	-101%
Parent Company's shares held by a subsidiary	**(12,500,000)**	(12,500,000)	0%
Total equity attributable to the Parent Company	**7,157,799,056**	5,241,013,047	37%
Non-controlling interest	**317,592,830**	17,265,039	1740%
Total Equity	**7,475,391,886**	5,258,278,086	42%
Total Liabilities and Equity	**₱19,475,831,992**	₱12,336,465,763	58%

Arthaland's total resources as of 31 December 2019 amounting to ₱19.48 billion is 58% higher than the 31 December 2018 level of ₱12.34 billion due to the following:

43% Increase in Cash and Cash Equivalents
The increase is accounted for by the proceeds from various loans, advances from shareholders, and sales collections.

294% Increase in Financial Assets at Fair Value through Profit or Loss (FVPL)
The increase was due to investments in money market placements of the additional cash from loan proceeds and sales collections.

65% Increase in Trade and Other Receivables
The increase was largely due to the sale of office units in Cebu Exchange, first-time revenue recognition from the sale of office units in Savya Financial Center, and receivables from ACPT tenants.

314% Increase in Contract Assets
This pertains to the increase in receivables from the additional sale of office units in Cebu Exchange and Savya Financial Center representing the excess of cumulative revenues from real estate sales over total collections received from buyers.

59% Increase in Real Estate for Sale
The increase is mainly due to the acquisition of various properties for development and the additional construction costs incurred during the year for ongoing projects.

30% Increase in Creditable Withholding Tax
This represents the increase in taxes withheld on the additional collections from buyers of office units in Cebu Exchange and Savya Financial Center.

23% Increase in Investment Properties
The increase is mainly attributable to the appraisal gain of ACPT and other investment properties.

19% Increase in Property and Equipment

The increase is due to the completion of fit-out costs of Arthaland's new corporate office in ACPT, and to additional transportation and office equipment.

100% Decrease in Deferred Tax Assets
The decrease is due to the realization of net income in CLLC resulting to the full utilization of its NOLCO.

34% Increase in Other Assets
The increase is largely attributable to the down payment made to contractors of ongoing projects as well as to VAT Input payments.

66% Increase in Loans Payable
The increase is largely due to additional drawdowns from bank loan facilities availed of in order to partly fund Arthaland's working capital and project financing requirements.

50% Increase in Accounts Payable and Other Liabilities
The increase is mainly attributable to payables to contractors/suppliers for ongoing projects.

58% Increase in Contract Liabilities
The increase pertains to collections received from buyers of office units in Cebu Exchange and Savya Financial Center the related revenue of which is not yet recognized.

196% Increase in Due to a Related Party
This pertains to advances made by shareholders of CLLC and SLDC.

51% Increase in Retirement Liability
The increase is due to the additional retirement expense recognized for the year and remeasurement loss from the change in financial assumptions used in the valuation of retirement plan.

68% Increase in Net Deferred Tax Liabilities
The increase is due mainly to the gain resulting from the change in fair value of investment properties.

48% Increase in Additional Paid-in Capital
This is due to the excess of the proceeds over par value of the Preferred Shares Series C that was issued during the year, net of stock issuance costs.

43% Increase in Retained Earnings
The increase is due to the net income for the year, net of dividends declared.

101% Decrease in Cumulative re-measurement gains (losses) on retirement liability
The decrease is due to the current year's cumulative remeasurement losses as against last year's gains in valuation of Arthaland's retirement liability.

1740% Increase in Non-Controlling Interests
The increase is mainly due to the higher net income of CLLC for the current year as compared to the prior year.

FINANCIAL POSITION
31 December 2018 vs. 31 December 2017

	31 Dec 2018	31 Dec 2017 *As Restated*	Change
Cash and cash equivalents	**₱326,679,590**	₱721,795,236	-55%
Financial assets at fair value through profit or loss (FVPL)	**154,828,061**	387,879,631	-60%
Trade and other receivables	**742,932,730**	186,274,230	299%
Contract Assets	**785,197,944**	-	100%
Real estate for sale	**3,412,713,425**	2,646,731,618	29%
Creditable withholding tax	**259,819,891**	253,188,078	3%
Investment properties	**5,901,514,575**	6,457,315,253	-9%
Property and equipment	**237,452,955**	39,743,166	497%
Deferred tax assets - net	**16,197,731**	61,212,233	-74%
Other Assets	**499,128,861**	492,672,321	1%
Total Assets	**₱12,336,465,763**	₱11,246,811,766	10%
Loans payable	**4,169,976,102**	4,268,892,416	-2%
Accounts payable and other liabilities	**1,655,848,013**	702,744,459	136%
Contract liabilities	**20,385,280**	121,712,461	-83%
Due to a related party	**386,666,691**	286,666,691	35%
Retirement liability	**66,088,998**	50,668,546	30%
Net deferred tax liabilities	**779,222,593**	752,508,368	4%
Total Liabilities	**₱7,078,187,677**	₱6,183,192,941	14%
Capital stock	**989,757,136**	989,757,136	0%
Additional paid-in capital	**2,031,441,541**	2,031,441,541	0%
Retained earnings	**2,214,144,875**	2,085,398,501	6%
Cumulative re-measurement gains on retirement liability – net of tax	**18,169,495**	7,448,391	144%
Parent Company's shares held by a subsidiary	**(12,500,000)**	(12,500,000)	0%
Total equity attributable to the Parent Company	**5,241,013,047**	5,101,545,569	3%
Non-controlling interest	**17,265,039**	(37,926,744)	146%
Total Equity	**₱5,258,278,086**	5,063,618,825	4%
Total Liabilities and Equity	**₱12,336,465,763**	₱11,246,811,766	10%

Arthaland's total resources as of 31 December 2018 amounting to ₱12.34 billion is 10% higher than the 31 December 2017 level of ₱11.25 billion due to the following:

55% Decrease in Cash and Cash Equivalents
The decrease in cash is attributable to disbursements for operations, debt servicing, acquisition of properties and project related costs, net of inflows from loan availments and revenue collections.

60% Decrease in Financial Assets at Fair Value through Profit or Loss (FVPL)
The reduction is due to the termination of money market placements which were subsequently used to fund the operating requirements of Arthaland, including its ongoing projects.

299% Increase in Trade and Other Receivables
The increase is accounted for by the receivables from the ACPT leasing operations and down payment made to contractors for the construction of the Group's real estate projects.

100% Increase in Contract Assets
This pertains to receivables from the sale of office units in Cebu Exchange representing the excess of cumulative revenues from real estate sales over total collections received from buyers which were previously recognized as liability.

29% Increase in Real Estate for Sale
The increase is due to the acquisition of a property in Makati City, the consolidated cost of the property of Arcosouth in Taguig City, and the additional construction costs for the projects in Laguna and Cebu, net of the remaining residential units in Arya Residences sold and those office units in Cebu Exchange.

9% Decrease in Investment Properties
The decrease is mainly due to the settlement of loans through *dacion en pago* of certain floors in ACPT and the reclassification of the Arthaland corporate office to Property and Equipment account.

497% Increase in Property and Equipment
The increase is due to the reclassification of the Arthaland corporate office from investment properties to Property and Equipment, as abovementioned.

74% Decrease in Deferred Tax Assets
The decrease is due to the realization of net income in CLLC.

136% Increase in Accounts Payable and Other Liabilities
The increase is largely due to the effect of consolidated payables to stockholders of Arcosouth and the deferred VAT payables from the sales of office units in Cebu Exchange.

83% Decrease in Contract Liabilities
The decrease pertains to down payment received subsequently recognized as revenues from real estate sales, as mentioned under Contract Assets.

35% Increase in Due to a Related Party
This pertains to additional advances made by stockholders CLLC.

30% Increase in Retirement Liability
The increase is due to the new retirement plan which changed the benefits payable and resulted in the recognition of past service cost.

6% Increase in Retained Earnings
The increase is due to the net income for the year, net of dividends declared.

144% Increase in Cumulative re-measurement gains (losses) on retirement liability
The difference is due to the change in financial assumptions and experience adjustments based on the new retirement plan as mentioned above.

146% Increase in Non-Controlling Interests
The increase is due to CLLC's net income recognized for the year.

RESULTS OF OPERATIONS
31 December 2020 vs. 31 December 2019

	31 Dec 2020	31 Dec 2019	Change
Revenues	**3,301,553,056**	3,847,857,424	-14%

Cost of sales and services	**(1,682,981,281)**	(2,145,739,457)	-22%
Gross income	**₱ 1,618,571,775**	₱ 1,702,117,967	-5%
Administrative expenses	**417,716,339**	409,806,713	2%
Selling and marketing expenses	**262,506,092**	256,010,229	3%
Operating expenses	**680,222,431**	665,816,942	2%
Income from operations	**₱ 938,349,344**	₱ 1,036,301,025	-9%
Finance costs	**(281,183,960)**	(124,839,604)	125%
Gain on change in fair value of investment properties	**959,989,140**	1,180,724,811	-19%
Other income – Net	**42,240,203**	31,106,679	36%
Income before income tax	**₱ 1,659,394,727**	₱ 2,123,292,911	-22%
Income tax expense	**490,270,422**	636,145,034	-23%
Net income	**₱ 1,169,124,305**	₱ 1,487,147,877	-21%
OTHER COMPREHENSIVE INCOME (LOSS)			
Remeasurement gains (losses) on net retirement liability	**(7,735,261)**	(26,253,170)	-71%
Income tax benefit (expense) relating to item that will not be reclassified	**2,320,578**	7,875,951	-71%
Total comprehensive income	**₱ 1,163,709,622**	₱ 1,468,770,658	-21%

Results of Operations for the year ended 31 December 2020 compared to the year ended 31 December 2019.

14% Decrease in Revenues
The decrease in revenue is attributed to a decline in revenues from Real Estate Sales which was largely brought about by changes in market conditions and restrictions on construction activities following the Community Quarantine implemented in NCR and Cebu starting March 2020. While other companies implemented selling strategies involving sizeable discounts and ultra-stretched payment terms, Arthaland substantially retained its selling prices across its projects given the strength of its sales pipeline and robust cash flows. Arthaland fully expected that during the pandemic, there is a longer period to close sales transactions given that buyers take more time to conclude their decisions and given the limited access of buyers to Arthaland's sales galleries for its projects.

On the other hand, revenues from other segments, particularly leasing and other operations, grew by 15% to ₱382.4 million in 2020 compared to ₱332.1 million in 2019.

22% Decrease in Cost of Sales and Services
The decrease in cost of sales is directly related to the decrease in revenues.

125% Increase in Finance Costs
The increase is accounted for by the non-capitalizable interests from the ASEAN Green Bonds and other working capital loans and interest from the loan obtained for the construction of ACPT, which was no longer capitalized upon the completion of building in 2019.

19% Decrease in Gain on Change in Fair Value of Investment Properties
The decrease is due to less appraisal gain recognized for investment properties.

36% Increase in Other Income – Net

The increase is attributable to earnings on the additional placements made from the proceeds of the ASEAN Green Bonds and various loans.

23% Decrease in Income Tax Expense
The decrease is due to lower net income recognized for the year.

71% Decrease in Remeasurement Gains (Losses) on Net Retirement Liability
The decrease is due to the change in financial assumptions and experience adjustments used in the valuation of the retirement plan.

RESULTS OF OPERATIONS
31 December 2019 vs. 31 December 2018

	31 Dec 2019	31 Dec 2018	Change
Revenues	**3,847,857,424**	1,132,470,086	240%
Cost of sales and services	**(2,145,739,457)**	(618,799,239)	247%
Gross income	**₱1,702,117,967**	₱513,670,847	231%
Administrative expenses	**409,806,713**	325,187,083	26%
Selling and marketing expenses	**256,010,229**	72,423,411	253%
Operating expenses	**665,816,942**	397,610,494	67%
Income from operations	**₱1,036,301,025**	₱116,060,353	793%
Finance costs	**(124,839,604)**	(73,647,288)	70%
Gain on change in fair value of investment properties	**1,180,724,811**	172,819,094	583%
Other income – Net	**31,106,679**	339,120,693	-91%
Income before income tax	**₱2,123,292,911**	₱554,352,852	283%
Income tax expense	**636,145,034**	165,735,606	284%
Net income	**₱1,487,147,877**	388,617,246	283%
Other comprehensive income (loss)			
Change in actuarial gain (loss)	**(₱26,253,170)**	₱15,315,863	-271%
Income tax benefit (expense) relating to item that will not be reclassified	**7,875,951**	(4,594,759)	-271%
Total comprehensive income	**₱1,468,770,658**	₱399,338,350	268%

Results of Operations for the year ended 31 December 2019 compared to the year ended 31 December 2018.

240% Increase in Revenues
The increase is mainly attributable to revenue recognized from the sale of office units in Cebu Exchange and the first-time revenue recognition for sale of office units in Savya Financial Center.

247% Increase in Cost of Sales and Services
The increase in cost of sales is directly related to the increase in revenues.

26% Increase in Administrative Expenses
The increase is due to professional fees, personnel related expenses, and taxes.

253% Increase in Selling and Marketing Expenses

The increase is mainly due to amortized commissions from the sale of office units in Cebu Exchange and Savya Financial Center, as well as the increased marketing activities for ongoing and new projects.

70% Increase in Finance Costs
The increase is mainly due to non-capitalization of interest expense from loans due to the completion of ACPT in 2019, and interests from additional working capital loans.

583% Increase in Gain on Change in Fair Value of Investment Properties
The increase is attributable to the appraisal gain of ACPT and other investment properties.

91% Decrease in Other Income – Net
The decrease is largely due to realized gain on the settlement of loans through *dacion en pago* realized in 2018.

284% Increase in Income Tax Expense
The increase is due to higher net income recognized for the year.

271% Decrease in Change in Actuarial Gain (Loss)
The decrease is due to the remeasurement loss from change in financial assumptions used in the valuation of retirement plan as mentioned under Retirement Liability.

RESULTS OF OPERATIONS
31 December 2018 vs. 31 December 2017

	31 Dec 2018	31 Dec 2017	Change
Revenues	**1,132,470,086**	463,538,594	144%
Cost of sales and services	**(618,799,239)**	(332,825,401)	86%
Gross income	**₱513,670,847**	₱130,713,193	293%
Administrative expenses	**325,187,083**	273,749,586	19%
Selling and marketing expenses	**72,423,411**	48,493,636	49%
Operating expenses	**397,610,494**	322,243,222	23%
Income (loss) from operations	**₱116,060,353**	(₱191,530,029)	-161%
Finance costs	**(73,647,288)**	(80,663,240)	-9%
Gain on change in fair value of investment properties	**172,819,094**	428,390,699	-60%
Other income – Net	**339,120,693**	67,443,318	403%
Income before income tax	**₱554,352,852**	₱223,640,748	148%
Income tax expense	**165,735,606**	85,240,763	94%
Net income	**₱388,617,246**	₱138,399,985	181%
Other comprehensive income			
Change in actuarial gain - Net of tax	**15,315,863**	6,323,380	142%
Income tax benefit (expense) relating to item that will not be reclassified	**(4,594,759)**	(1,897,014)	142%
Total comprehensive income	**₱399,338,350**	₱142,826,351	180%

Results of Operations for the year ended 31 December 2018 compared to the year ended 31 December 2017.

144% Increase in Revenues
The increase is mainly attributable to revenue recognized from the sale of office units in Cebu Exchange offices.

86% Increase in Cost of Sales and Services
The increase in cost of sales is directly related to the increase in revenues from the sales of office units in Cebu Exchange.

19% Increase in Administrative Expenses
The increase is mainly due to the recognition of past service costs as mentioned under Retirement Liability, as well as salaries paid to additional personnel employed.

49% Increase in Selling and Marketing Expenses
The increase is due to sales commissions, travel and advertising expenses for Cebu Exchange.

9% Decrease in Finance Costs
The decrease is largely accounted for by the settlement in November 2017 of an interest-bearing loan under the Parent company.

60% Decrease in Gain on Change in Fair Value of Investment Properties
The decrease pertains to the reversal of unrealized gain on investment properties due to the effect of the *dacion en pago* executed during the year.

403% Increase in Other Income – Net
The increase is largely due to realized gain on the settlement of loans through *dacion en pago*, offsetting the decrease in unrealized gain in investment properties as mentioned above.

94% Increase in Income Tax Expense
The increase is due to higher net income recognized for the year.

142% Increase in Change in Actuarial Gain – Net of tax and Income tax expense relating to item that will not be reclassified
The increase is due to the remeasurement gains based on the new retirement plan as mentioned under Retirement Liability.

FINANCIAL RATIO

	December 2020	**December 2019**	**December 2018**
Current/Liquidity Ratio (Current Assets over Current Liabilities)	**2.24:1**	**1.94:1**	**2.45:1**
Solvency Ratio (Net income [Loss] before depreciation over total liabilities)	**0.07:1**	**0.13:1**	**0.06:1**
Debt-to-equity Ratio (Total debt to total equity)	**1.98:1**	**1.61:1**	**1.35:1**
Debt-to-equity (Interest-bearing) Ratio (Interest-bearing debt to total equity)	**1.33:1**	**0.93:1**	**0.79:1**
Asset-to-equity Ratio (Total assets over total equity)	**2.98:1**	**2.61:1**	**2.35:1**
Interest Rate Coverage Ratio	**6.95:1**	**18.08:1**	**8.61:1**

(Pre-tax income before Interest over interest expense)			
Profitability Ratio (Net income over total equity)	**0.13:1**	**0.20:1**	**0.07:1**

There is no event that will trigger any direct or contingent financial obligation that is material to Arthaland, including any default or acceleration of an obligation.

There is no material off-balance sheet transaction, arrangement, obligation and other relationship of Arthaland with unconsolidated entities or other persons created during the reporting period.

Except as otherwise disclosed separately and excluding those projects already in Arthaland's pipeline as outlined in this Report, there are no other material commitments for capital expenditures as of the period herein.

The varying levels of community quarantine that have been enforced in the different parts of the country since its initial imposition on 16 March 2020 have created significant impact to business in general. Industries considered as non-essential have been ordered closed, travel restrictions were implemented, and large areas or communities were locked down.

In spite of the difficulties posed by these challenges, Arthaland has been agile and resilient enough to adopt to the "new normal" the situation has created. It has developed and executed a business continuity protocol which allowed it to continue functioning and operating except in areas where no alternative means, given existing circumstances, are readily available.

To date, Management continues to monitor all the ongoing COVID–19 related developments in order to assess, anticipate and develop appropriate business strategies moving forward.

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FINANCIAL POSITION
March 2021 vs December 2020

	31 MAR 2021	31 DEC 2020	% Change
Cash and cash equivalents	**₱753,441,956**	₱941,079,474	-20%
Financial assets at fair value through profit or loss (FVPL)	**3,393,582,165**	3,257,288,870	4%
Trade and other receivables	**573,061,836**	539,079,767	6%
Contract Assets	**5,516,897,363**	5,341,881,039	3%
Real estate for sale	**7,196,446,289**	6,894,906,539	4%
Investment properties	**8,408,985,253**	8,315,168,841	1%
Property and equipment	**274,119,024**	280,192,479	-2%
Other Assets	**2,154,681,473**	1,977,606,060	9%
Total Assets	**28,271,215,359**	27,547,203,069	3%
Loans payable	**10,026,031,719**	9,305,693,323	8%
Bonds payable	**2,961,074,215**	2,958,526,698	0%
Accounts payable and other liabilities	**2,861,358,621**	2,792,943,961	2%
Contract liabilities	**31,500,193**	27,423,392	15%
Due to related parties	**1,367,586,297**	1,367,586,297	0%

	31 MAR 2021	31 DEC 2020	% Change
Retirement liability	**109,010,413**	101,496,418	7%
Net deferred tax liabilities	**1,489,505,040**	1,763,428,524	-16%
Total Liabilities	**18,846,066,498**	18,317,098,613	3%
Equity attributable to equity holders of the Parent Company			
Capital stock	**999,757,136**	999,757,136	0%
Additional paid-in capital	**3,008,959,878**	3,008,959,878	0%
Retained earnings	**3,853,148,412**	3,779,054,629	2%
Other equity reserves	**230,363,146**	230,363,146	0%
Parent Company's shares held by a subsidiary	**(12,500,000)**	(12,500,000)	0%
	8,079,728,572	8,005,634,789	1%
Non-controlling interests	**1,345,420,289**	1,224,469,667	10%
Total Equity	**9,425,148,861**	9,230,104,456	2%
Total Liabilities and Equity	**₱28,271,215,359**	₱27,547,203,069	3%

Arthaland's total resources increased by 3% from ₱27.5 billion on 31 December 2020 to ₱28.3 billion as of 31 March 2021 due to the following:

20% Decrease in Cash and Cash Equivalents
The decrease in cash is attributable to normal disbursement for operations and project related costs, and investment in money market placements, net of inflows from loan availments and revenue collections.

4% Increase in Financial Assets at Fair Value through Profit or Loss
The increase is due to investments in money market placements of the additional cash from loan proceeds and revenue collections, as mentioned above.

6% Increase in Trade and Other Receivables
The increase is largely due to the revenues recognized from the sale of office units in Cebu Exchange and Savya Financial Center that are already billed to buyers, and receivables from ACPT tenants.

4% Increase in Real Estate for Sale
The increase is mainly due to the additional construction costs incurred during the period for ongoing projects.

9% Increase in Other Assets
The increase is mainly due to the additional advances for purchase of a property.

Total liabilities increased by 3% from ₱18.3 billion on 31 December 2020 to ₱18.8 billion as of 31 March 2021 due to the following:

8% Increase in Loans Payable
The increase is largely attributed to drawdowns from various loan facilities to fund project related disbursements and some working capital requirements.

15% Increase in Contract Liabilities
The increase pertains to collections received from buyers of office units in Savya Financial Center in which the related revenue is not yet recognized.

7% Increase in Retirement Liability
The increase is due to the additional provisions of retirement expense for the period.

16% Decrease in Net Deferred Tax Liabilities
The decrease is attributable to the reduction of income tax rates due to the implementation of the CREATE bill which was approved into law on 26 March 2021.

Total equities increased by 2% from ₱9.2 billion on 31 December 2020 to ₱9.4 billion as at 31 March 2021. This is mainly attributable to the 10% increase in non-controlling interests related to the recognition of the share of the non-controlling interest in the net income of CLLC and SLDC and additional deposit for future stock subscription from a shareholder of SLDC.

FINANCIAL RATIOS
March 2021 vs December 2020

	MAR 2021	DEC 2020	% Change
Current/Liquidity Ratio (Current Assets over Current Liabilities)	2.26:1	2.24:1	1%
Solvency Ratio (Net income before depreciation over total liabilities)	0.02:1	0.07:1	-71%
Debt-to-equity Ratio (Total liability over total equity)	2.00:1	1.98:1	1%
Debt-to-equity (interest-bearing) Ratio (Interest-bearing liabilities over total equity)	1.38:1	1.33:1	4%
Asset-to-equity Ratio (Total assets over total equity)	3.00:1	3.13:1	-4%
Interest Rate Coverage Ratio (Pretax income before Interest over interest expense)	2.00:1	6.95:1	-71%
Profitability Ratio (Net income over total equity)	0.04:1	0.13:1	-69%

RESULTS OF OPERATIONS
March 2021 vs March 2020

	31 MAR 2021	31 MAR 2020	% Change
Revenues	**₱448,901,399**	₱577,214,772	-22%
Cost of sales and services	**234,456,386**	310,156,160	-24%
GROSS INCOME	**214,445,013**	267,058,612	-20%
Administrative expenses	**98,061,444**	83,396,877	18%
Selling and marketing expenses	**54,554,334**	68,149,195	-20%
OPERATING EXPENSES	**152,615,778**	151,546,072	1%
OPERATING INCOME	**61,829,235**	115,512,540	-46%
OTHER OPERATING INCOME (EXPENSES)			
Finance costs	**(83,242,182)**	(67,301,683)	24%
Gain on change in FV of investment properties	**95,440,000**	-	100%

	31 MAR 2021	31 MAR 2020	% Change
Other income – net	**8,892,347**	7,445,569	19%
INCOME BEFORE INCOME TAX	**82,919,400**	55,656,426	49%
TAX EXPENSE (BENEFIT)	**(271,538,790)**	17,248,742	-1674%
NET INCOME	**₱354,458,190**	₱38,407,684	823%
NET INCOME ATTRIBUTABLE TO:			
Equity holders of ArthaLand Corporation	**291,641,783**	10,339,474	2721%
Non-controlling interest	**62,816,407**	28,068,210	124%
	₱354,458,190	₱38,407,684	823%

From a ₱38.4 million reported net income in the first quarter of 2020, Arthaland recognized a ₱354.5 million net income for the same period in 2021.

22% Decrease in Revenues
The decrease in revenue is mainly attributable to the decline in revenues from Real Estate Sales which was largely brought about by changes in market conditions and restrictions on construction activities following the Community Quarantine implemented in NCR and Cebu starting March 2020. While other companies implemented selling strategies involving sizeable discounts and ultra-stretched payment terms, Arthaland substantially retained its selling prices across its projects given the strength of its sales pipeline and robust cash flows. Arthaland fully expected that during the pandemic, there is a longer period to close sales transactions given that buyers take more time to conclude their decisions and given the limited access of buyers to Arthaland's sales galleries for its projects.

24% Decrease in Cost of Sales and Services
The decrease in cost of sales is directly related to the decrease in revenues.

18% Increase in Administrative Expenses
The increase is due to personnel related expenses, professional fees and taxes.

20% Decrease in Selling and Marketing Expenses
The decrease is mainly attributable to less commissions recognized from the sales of office units in Cebu Exchange.

24% Increase in Finance Costs
The increase is attributable to interests from additional working capital loans availed by Arthaland.

100% Increase in Gain on Change in Fair Value of Investment Properties
This pertains to the appraisal gain related to the commercial property of Cazneau recognized for the period.

19% Increase in Other Income – Net
The increase is attributable to the forfeited advance rent collections from a tenant of ACPT.

1674% Decrease in Tax Expense (Benefit)
The tax benefit recognized for the period is attributable to the reduction of income tax rates due to the implementation of CREATE as mentioned under Net Deferred Tax Liabilities.

RESULTS OF OPERATIONS

March 2021 vs December 2020

	31 MAR 2021	31 DEC 2020	% Change
Revenues	**₱448,901,399**	₱3,301,553,056	-86%
Cost of sales and services	**234,456,386**	1,682,981,281	-86%
GROSS INCOME	**214,445,013**	1,618,571,775	-87%
Administrative expenses	**98,061,444**	417,716,339	-77%
Selling and marketing expenses	**54,554,334**	262,506,092	-79%
OPERATING EXPENSES	**152,615,778**	680,222,431	-78%
OPERATING INCOME	**61,829,235**	938,349,344	-93%
OTHER OPERATING INCOME (EXPENSES)			
Finance costs	**(83,242,182)**	(281,183,960)	-70%
Gain on change in FV of investment properties	**95,440,000**	959,989,140	-90%
Other income – net	**8,892,347**	42,240,203	-79%
INCOME BEFORE INCOME TAX	**82,919,400**	1,659,394,727	-95%
TAX EXPENSE	**(271,538,790)**	490,270,422	-155%
NET INCOME	**₱354,458,190**	₱1,169,124,305	-70%
NET INCOME ATTRIBUTABLE TO:			
Equity holders of ArthaLand Corporation	**291,641,783**	887,295,539	-67%
Non-controlling interest	**62,816,407**	281,828,766	-78%
	₱354,458,190	₱1,169,124,305	-70%

Arthaland posted a consolidated net income of ₱354.5 million in the first quarter of 2021 as compared to the 2020 full year net income of ₱1,169.1 million.

ANNUAL CORPORATE GOVERNANCE REPORT

Arthaland's compliance with its Manual of Corporate Governance is monitored by its Compliance Officer who is tasked, among others, to determine and measure such compliance with the said Manual, while the heads of various departments of the organization monitor the requisite compliances within the scope of their responsibilities.

The Board of Directors and Management, including officers and staff, of Arthaland believe that good corporate governance is a necessary component of a sound and strategic business management and have, therefore, adopted the leading principles and practices of good corporate governance mandated by law and regulatory agencies and committed these as guide in the attainment of corporate goals and objectives. For this reason, everyone in the organization undertakes every effort necessary to create awareness of the Manual of Corporate Governance of Arthaland (the "Manual")[12]. Upon election,

[12] Arthaland submitted a revised Manual of Corporate Governance on 06 May 2019 and the same is now available online at www.arthaland.com.

appointment or hiring, as applicable, the new director/s, officer/s or employee/s is provided with all relevant written information about Arthaland, including the Manual, and such policies and procedures which will be relevant to his duties and responsibilities as such director, officer or employee. He is then free to sit down with any incumbent officer to enlighten himself further on Arthaland's operations.

There is no deviation from the Manual as of the date of this Report.

No evaluation system has been established at this time which can measure or determine the level of compliance of the Board of Directors and top-level management of Arthaland with the Manual, although steps are currently undertaken to create one. Nevertheless, an evaluation by a third party (Institute of Corporate Directors) was conducted in 2020 on the Board of Directors and Arthaland's various committees.

- Nothing follows. -

CERTIFICATIONS

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **FERNAN VICTOR P. LUKBAN**, Filipino, of legal age, subscribing under oath, depose and say that:

1. I am an independent director of **ARTHALAND CORPORATION (the "Corporation")**, a publicly-listed corporation organized and existing under Philippine law, with principal place of business at the **7/F Arthaland Century Pacific Tower, 5th Avenue corner 30th Street, Bonifacio Global City, Taguig City 1634**. I first served as its independent director from **25 April 2011** until **23 June 2016**. I was again elected as an Independent Director of the Corporation on **23 October 2019** to fill a vacancy and I continue to serve as such to date.

2. I am nominated for election as an Independent Director of the Corporation at its scheduled Annual Stockholders' Meeting on **25 June 2021.**

3. I am also an Independent Director of Central Azucarera de Tarlac Inc., Shakey's Pizza Asia Ventures, Inc. and Century Pacific Food, Inc., the latter two being related to CPG Holdings, Inc., a major stockholder of the Corporation.

4. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation as provided in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations, and other relevant rules of the Securities and Exchange Commission.

5. I am not in any way related to any director, officer, or substantial stockholder of the Corporation or any of its subsidiaries or affiliates, except as otherwise disclosed herein.

6. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

7. I am not connected with any government agency or instrumentality at present. In the event that I will be elected as a director or officer of such, I undertake to secure the written permission or consent of the Securities and Exchange Commission and other related regulatory agencies to become an Independent Director of the Corporation pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Services Rules, as applicable.

8. I shall faithfully and diligently comply with my duties and responsibilities as an Independent Director of the Corporation, as set out in the Securities Regulation Code, its Implementing Rules and Regulations, the Corporate Governance Code, and other relevant issuances of the Securities and Exchange Commission.

9. I shall inform the Corporate Secretary of the Corporation on any change in the abovementioned information within five (5) days from its occurrence.

IN WITNESS WHEREOF, I hereunto affix my signature on the date and place indicated below.

FERNAN VICTOR P. LUKBAN

OATH

Republic of the Philippines)
Taguig City) SS.

I certify that on this 14 MAY 2021, before me, a notary public duly authorized in the city above-named to take acknowledgments, personally appeared **Fernan Victor P. Lukban** (i) whom I identified through his **Passport Number P4639574A** issued by the **Department of Foreign Affairs, Butuan on 07 October 2017**, a competent evidence of identity, to be the same person described in the foregoing instrument, (ii) who acknowledged before me that he voluntarily affixed his signature on the instrument for the purpose stated therein, and (iii) who declared to me that he has executed the instrument as his free and voluntary act and deed.

IN WITNESS WHEREOF, I hereunto set my hand and affix my notarial seal on the date and at the place above written.

Doc. No. 157
Page No. 33
Book No. IIe
Series of **2021**.

GAUDENCIO A. BARBOZA JR.
NOTARY PUBLIC
UNTIL DEC. 31, 2022
PTR NO. A-5063681/1-4-2021/ TAGUIG CITY
IBP NO. 131041/10-22-2020 RSM(FOR YR. 2021
ROLL NO. 41969
MCLE COMP. VI No. 0021812
MARCH 29,2019
APP No. 38(2021-2022)

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **HANS B. SICAT**, Filipino, of legal age, subscribing under oath, depose and say that:

1. I am an independent director of **ARTHALAND CORPORATION (the "Corporation")**, a publicly-listed corporation organized and existing under Philippine law, with principal place of business at the **7/F Arthaland Century Pacific Tower, 5th Avenue corner 30th Street, Bonifacio Global City, Taguig City 1634**. I have been an Independent Director of the Corporation since **30 June 2017.**

2. I am nominated for election as an Independent Director of the Corporation at its scheduled Annual Stockholders' Meeting on **25 June 2021.**

3. I am presently the Managing Director and Country Manager for ING Bank, N.V., Manila Branch.

I am also affiliated with the following companies and organizations:

Company/Organization	Position/Relationship
Asian Institute of Management	Executive in Residence
Bankers Association of the Philippines	Director
Fintonia Fund	Advisory Board
Investment House Association of the Philippines	Member, Board of Trustees
LegisPro Corporation	Acting Chairman
Serica Balanced Fund & Master Fund	Independent Director
Skycable Corporation	Independent Director
TransNational Diversified Corporation	Independent Director
YPO Gold Philippines	Chairman, 2020-2021

4. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation as provided in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations, and other relevant rules of the Securities and Exchange Commission.

5. I am not in any way related to any director, officer, or substantial stockholder of the Corporation or any of its subsidiaries or affiliates, except as otherwise disclosed above.

6. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

7. I am not connected with any government agency or instrumentality at present. In the event that I will be elected as a director or officer of such, I undertake to secure the written permission or consent of the Securities and Exchange Commission and other related regulatory agencies to become an Independent Director of the Corporation pursuant to Office

of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Services Rules, as applicable.

8. I shall faithfully and diligently comply with my duties and responsibilities as an Independent Director of the Corporation, as set out in the Securities Regulation Code, its Implementing Rules and Regulations, the Corporate Governance Code, and other relevant issuances of the Securities and Exchange Commission.

9. I shall inform the Corporate Secretary of the Corporation on any change in the abovementioned information within five (5) days from its occurrence.

IN WITNESS WHEREOF, I hereunto affix my signature on the date and place indicated below.

HANS B. SICAT

OATH

Republic of the Philippines)
Taguig City) SS.

I certify that on this 14 MAY 2021, before me, a notary public duly authorized in the city above-named to take acknowledgments, personally appeared **Hans B. Sicat** (i) whom I identified through his **Driver's License Number N11-01-000075** issued by the **Department of Transportation-Land Transportation Office expiring on 07 July 2023**, a competent evidence of identity, to be the same person described in the foregoing instrument, (ii) who acknowledged before me that he voluntarily affixed his signature on the instrument for the purpose stated therein, and (iii) who declared to me that he has executed the instrument as his free and voluntary act and deed.

IN WITNESS WHEREOF, I hereunto set my hand and affix my notarial seal on the date and at the place above written.

Doc. No. 159
Page No. 33
Book No. 16
Series of **2021**.

GAUDENCIO A. BARBOZA JR.
NOTARY PUBLIC
UNTIL DEC. 31, 2022
PTR NO. A-5063681/1-4-2021/ TAGUIG CITY
IBP NO. 131041/10-22-2020 RSM(FOR YR. 2021
ROLL NO. 41969
MCLE COMP. VI No. 0021812
MARCH 29,2019
APP No. 38(2021-2022)

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ANDRES B. STA. MARIA**, Filipino, of legal age, subscribing under oath, depose and say that:

1. I am an independent director of **ARTHALAND CORPORATION (the "Corporation")**, a publicly-listed corporation organized and existing under Philippine law, with principal place of business at the **7/F Arthaland Century Pacific Tower, 5th Avenue corner 30th Street, Bonifacio Global City, Taguig City 1634**. I have been an Independent Director of the Corporation since **24 June 2016.**

2. I am nominated for election as an Independent Director of the Corporation at its scheduled Annual Stockholders' Meeting on **25 June 2021.**

3. I am also presently affiliated with the companies named below and their related companies:

Company	Position/Relationship
United Laboratories, Inc.	Director
Shimizu Philippine Contractors, Inc.	Chairman, Director
Ceros Holdings, Inc.	Director, Corporate Secretary
Calasmar Holdings, Inc.	Director
Oceana Holdings, Inc.	Chairman and President
Alegre Resort Corporation	Director and Corporate Secretary

4. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Corporation as provided in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations, and other relevant rules of the Securities and Exchange Commission.

5. I am not in any way related to any director, officer, or substantial stockholder of the Corporation or any of its subsidiaries or affiliates, except as otherwise disclosed above.

6. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

7. I am not connected with any government agency or instrumentality at present. In the event that I will be elected as a director or officer of such, I undertake to secure the written permission or consent of the Securities and Exchange Commission and other related regulatory agencies to become an Independent Director of the Corporation pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Services Rules, as applicable.

8. I shall faithfully and diligently comply with my duties and responsibilities as an Independent Director of the Corporation, as set out in the Securities Regulation Code, its

Implementing Rules and Regulations, the Corporate Governance Code, and other relevant issuances of the Securities and Exchange Commission.

9. I shall inform the Corporate Secretary of the Corporation on any change in the abovementioned information within five (5) days from its occurrence.

IN WITNESS WHEREOF, I hereunto affix my signature on the date and place indicated below.

ANDRES B. STA. MARIA

OATH

Republic of the Philippines)
Taguig City) SS.

I certify that on this 14 MAY 2021, before me, a notary public duly authorized in the city above-named to take acknowledgments, personally appeared **Andres B. Sta. Maria** (i) whom I identified through his **Passport Number P0668677B** issued by the **Department of Foreign Affairs NCR East on 14 February 2019**, a competent evidence of identity, to be the same person described in the foregoing instrument, (ii) who acknowledged before me that he voluntarily affixed his signature on the instrument for the purpose stated therein, and (iii) who declared to me that he has executed the instrument as his free and voluntary act and deed.

IN WITNESS WHEREOF, I hereunto set my hand and affix my notarial seal on the date and at the place above written.

GAUDENCIO A. BARBOZA JR.
NOTARY PUBLIC
UNTIL DEC. 31, 2022
PTR NO. A-5063681/1-4-2021/ TAGUIG CITY
IBP NO. 131041/10-22-2020 RSM(FOR YR. 2021
ROLL NO. 41969
MCLE COMP. VI No. 0021812
MARCH 29,2019
APP No. 38(2021-2022)

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Book No. IIe
Series of **2021**.

AUDITED FINANCIAL STATEMENTS FOR 2020

COVER SHEET

for

AUDITED CONSOLIDATED
FINANCIAL STATEMENTS

SEC Registration Number

A	S	9	4	0	0	7	1	6	0	

COMPANY NAME

A	R	T	H	A	L	A	N	D		C	O	R	P	O	R	A	T	I	O	N		A	N	D		S	U	B	S	I	D	I	A	R	I	E	S	

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

7	/	F		A	r	t	h	a	l	a	n	d		C	e	n	t	u	r	y		P	a	c	i	f	i	c		T	o	w	e	r	,		5	t
h		A	v	e	n	u	e		c	o	r	n	e	r		3	0	t	h		S	t	r	e	e	t	,		B	o	n	i	f	a	c	i	o		
G	l	o	b	a	l		C	i	t	y	,		T	a	g	u	i	g		C	i	t	y																

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	CRMD	N/A

COMPANY INFORMATION

Group's Email Address	Group's Telephone Number/s	Mobile Number
–	(+632) 8403-6910	–

No. of Stockholders	Annual Meeting (Month / Day)	Calendar Year (Month / Day)
1,939	Last Friday of June	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ferdinand A. Constantino	faconstantino@arthaland.com	(+632) 8403-6910	–

CONTACT PERSON'S ADDRESS

Lot 20 B5 P5 Almaciga Street, Greenwoods Executive Village, Pasig City

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

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

ARTHALAND
BUILDING SUSTAINABLE LEGACIES

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Management of **ARTHALAND CORPORATION (the "Parent Company") and its Subsidiaries (collectively, the "Group")** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended **31 December 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 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.

The Board of Directors is responsible in overseeing the Group'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.

Reyes Tacandong & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Group 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.

Signed this **24th** day of **March 2021, Taguig City, Philippines**.

ERNEST K. CUYEGKENG
Chairman of the Board

JAIME C. GONZALEZ
Vice Chairman and President

FERDINAND A. CONSTANTINO
Chief Finance Officer

ARTHALAND CORPORATION
Head Office, 7F Arthaland Century Pacific Tower
5TH Avenue corner 30TH Street, Bonifacio Global City
1634 Taguig City, Philippines

(+632) 8 403 6910 | www.arthaland.com

OATH

REPUBLIC OF THE PHILIPPINES)
TAGUIG CITY) SS.

I certify that on this 24 MAR 2021 before me, a notary public duly authorized in the city named above to take acknowledgments, personally appeared the following whom I identified through competent evidence of identity to be the same persons described in the foregoing instrument, who acknowledged before me that they voluntarily affixed their signatures on the instrument for the purpose stated therein, and who declared to me that they executed the instrument as their free and voluntary act and deed and that they have the authority to sign on behalf of their principal:

Name	Type of ID	Date/Place of Issue
Ernest K. Cuyegkeng	Passport No. P7236847A	19 May 2018/NCR South
Jaime C. Gonzalez	Passport No. P5521740A	05 January 2018/Manila
Ferdinand A. Constantino	TIN 118-626-881	N/A

IN WITNESS WHEREOF, I hereunto set my hand and affix my notarial seal on the date and at the place above written.

Doc No. 221;
Page No. 46;
Book No. II;
Series of **2021**.

GAUDENCIO A. BARBOZA JR.
NOTARY PUBLIC
UNTIL DEC. 31, 2022
PTR NO. A-5063681/1-4-2021/ TAGUIG CITY
IBP NO. 131041/10-22-2020 RSM(FOR YR. 2021
ROLL NO. 41969
MCLE COMP. VI No. 0021812
MARCH 29,2019
APP No. 38(2021-2022)

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
October 4, 2018, valid until August 15, 2021
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

BDO Towers Valero (formerly Citibank Tower)
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Arthaland Corporation and Subsidiaries
7/F Arthaland Century Pacific Tower
5th Avenue corner 30th Street
Bonifacio Global City, Taguig City

Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Arthaland Corporation and Subsidiaries (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 the years ended December 31, 2020, 2019 and 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2020, 2019 and 2018 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis of Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' 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 the 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.

Reyes Tacandong & Co. is a member of the RSM network. Each member of the RSM network is an independent accounting and consulting firm, and practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

Fair Value Measurement of Investment Properties

The Group's investment properties which are accounted for using the fair value model amounted to ₱8,315.2 million as at December 31, 2020. The fair value measurement is significant to our audit as the investment properties account for 30.2% of the Group's total assets as at December 31, 2020 (see Notes 3 and 10 to the consolidated financial statements).

We focused our audit on the management's determination of the fair value of investment properties because the process involves significant management judgment when selecting the appropriate valuation techniques and inputs used to determine fair value.

We have assessed the independence and competency of the appraiser engaged by the Group. We have also reviewed the reasonableness of the assumptions used to estimate the fair value of the Group's investment properties by: (1) testing the underlying lease agreements on a sample basis, (2) testing raw land's value by comparison with similar properties, and (3) verifying valuation inputs such as yields, occupancy rates and discount rates to external industry data to ascertain if these are reasonably appropriate.

Revenue from Real Estate Sales

For the year ended December 31, 2020, the Group recognized revenue of ₱2,919.1 million from real estate sales using the percentage of completion (POC) method. This is significant to our audit as the amount of revenue from real estate sales for the year ended December 31, 2020 is material to the consolidated financial statements (see Notes 3 and 17 to the consolidated financial statements).

We focused our audit on the revenue recognition as significant judgment is required when estimating POC, total project costs and the estimated costs to complete the real estate project that are used to determine POC at the end of the reporting period.

We obtained an understanding of the relevant processes and controls over the accounting for customer contracts and project reviews performed by management in determining the estimates. We also reconciled revenues reported at the Group level to supporting documentations on a sample basis, validated estimates of costs to complete, and tested the accuracy of calculations and the reasonableness of project accounting.

Valuation of Real Estate for Sale

The Group's real estate properties amounted to ₱6,894.9 million as at December 31, 2020, which accounts for 25.0% of the total assets (see Note 9 to the consolidated financial statements). Valuation of real estate for sale is significant to our audit because it involves determination and estimation of project costs at the end of reporting period.

We have obtained understanding of the Group's processes and controls relating to the inventory cost accumulation and allocation. We also assessed the assumptions used by management in estimating the incurred project costs and costs to complete of the projects. We corroborated the management's estimate through ocular inspection of the projects and examination of contractors' billings and progress reports.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020, but does not include the consolidated financial statements and our auditors' report thereon. The 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 auditors' report.

Our opinion on the consolidated financial statements does not cover the 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 the other 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 PFRS, 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.

Auditors' 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 auditors' 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 PSA 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, these 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 PSA, we exercise professional judgment and maintain professional skepticism throughout the audits. 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 auditors' 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 auditors' 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 group 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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 auditors' 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 auditors' report is Michelle R. Mendoza-Cruz.

REYES TACANDONG & CO.

MICHELLE R. MENDOZA-CRUZ
Partner
CPA Certificate No. 97380
Tax Identification No. 201-892-183-000
BOA Accreditation No. 4782; Valid until August 15, 2021
SEC Accreditation No. 1499-AR-1 Group A
Valid until July 17, 2021
BIR Accreditation No. 08-005144-012-2020
Valid until January 1, 2023
PTR No. 8534279
Issued January 5, 2021, Makati City

March 24, 2021
Makati City, Metro Manila

ARTHALAND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2020	2019
ASSETS			
Cash and cash equivalents	6	**₱941,079,474**	₱407,214,384
Financial assets at fair value through profit or loss (FVPL)	7	**3,257,288,870**	772,186,717
Receivables	8	**539,079,767**	389,687,736
Contract assets	5	**5,341,881,039**	3,250,482,689
Real estate for sale	9	**6,894,906,539**	5,410,062,969
Investment properties	10	**8,315,168,841**	7,280,000,267
Property and equipment	11	**280,192,479**	282,549,715
Other assets	12	**1,977,606,060**	1,683,647,515
		₱27,547,203,069	₱19,475,831,992
LIABILITIES AND EQUITY			
Liabilities			
Loans payable	13	**₱9,305,693,323**	₱6,925,381,746
Bonds payable	14	**2,958,526,698**	–
Accounts payable and other liabilities	15	**2,792,943,961**	2,488,916,877
Contract liabilities	5	**27,423,392**	32,179,674
Advances from non-controlling interests	4	**1,367,586,297**	1,144,586,297
Net retirement liability	21	**101,496,418**	99,880,460
Net deferred tax liabilities	23	**1,763,428,524**	1,309,495,052
Total Liabilities		**18,317,098,613**	12,000,440,106
Equity Attributable to Equity Holders of the Parent Company			
Capital stock	16	**999,757,136**	999,757,136
Additional paid-in capital	16	**3,008,959,878**	3,008,959,878
Retained earnings	16	**3,779,054,629**	3,161,789,766
Other equity reserves	16	**230,363,146**	(207,724)
Parent Company's preferred shares held by a subsidiary - at cost	16	**(12,500,000)**	(12,500,000)
		8,005,634,789	7,157,799,056
Non-controlling Interests	4	**1,224,469,667**	317,592,830
Total Equity		**9,230,104,456**	7,475,391,886
		₱27,547,203,069	₱19,475,831,992

See accompanying Notes to Consolidated Financial Statements.

ARTHALAND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2020**	2019	2018
REVENUES				
Real estate sales	17	**₱2,919,123,898**	₱3,515,804,028	₱992,593,844
Leasing operations	17	**371,576,866**	321,918,256	132,436,268
Property management fees	17	**10,852,292**	10,135,140	7,439,974
		3,301,553,056	3,847,857,424	1,132,470,086
COST AND EXPENSES				
Cost of real estate sales	9	**1,549,173,465**	2,037,976,792	599,734,444
Cost of leasing operations	10	**124,447,609**	100,539,773	15,260,471
Cost of services		**9,360,207**	7,222,892	3,804,324
		1,682,981,281	2,145,739,457	618,799,239
GROSS INCOME		**1,618,571,775**	1,702,117,967	513,670,847
OPERATING EXPENSES	18	**680,222,431**	665,816,942	397,610,494
INCOME FROM OPERATIONS		**938,349,344**	1,036,301,025	116,060,353
NET GAIN ON CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES	10	**959,989,140**	1,180,724,811	172,819,094
FINANCE COSTS	19	**(281,183,960)**	(124,839,604)	(73,647,288)
OTHER INCOME - Net	20	**42,240,203**	31,106,679	339,120,693
INCOME BEFORE INCOME TAX		**1,659,394,727**	2,123,292,911	554,352,852
PROVISION FOR INCOME TAX	23	**490,270,422**	636,145,034	165,735,606
NET INCOME		**1,169,124,305**	1,487,147,877	388,617,246
OTHER COMPREHENSIVE INCOME (LOSS)				
Not to be reclassified to profit or loss -				
Remeasurement gains (losses) on net retirement liability	21	**(7,735,261)**	(26,253,170)	15,315,863
Income tax benefit (expense) on remeasurement gains or losses	23	**2,320,578**	7,875,951	(4,594,759)
		(5,414,683)	(18,377,219)	10,721,104
TOTAL COMPREHENSIVE INCOME		**₱1,163,709,622**	₱1,468,770,658	₱399,338,350

(Forward)

		Years Ended December 31		
	Note	**2020**	2019	2018
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company		**₱887,295,539**	₱1,187,016,033	₱333,479,516
Non-controlling interests	4	**281,828,766**	300,131,844	55,137,730
		₱1,169,124,305	₱1,487,147,877	₱388,617,246
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company		**₱881,880,856**	₱1,168,638,814	₱344,200,620
Non-controlling interests	4	**281,828,766**	300,131,844	55,137,730
		₱1,163,709,622	₱1,468,770,658	₱399,338,350
EARNINGS PER SHARE	26			
Basic		**₱0.1273**	₱0.1902	₱0.0362
Diluted		**₱0.1260**	₱0.1902	₱0.0362

See accompanying Notes to Consolidated Financial Statements.

ARTHALAND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31		
	Note	**2020**	2019	2018
CAPITAL STOCK	16			
Common - at ₱0.18 par value - issued and outstanding		**₱957,257,136**	₱957,257,136	₱957,257,136
Preferred - at ₱1.00 par value - issued and outstanding				
Balance at beginning of year		**42,500,000**	32,500,000	32,500,000
Issuance of preferred shares		**–**	10,000,000	–
Balance at end of year		**42,500,000**	42,500,000	32,500,000
		999,757,136	999,757,136	989,757,136
ADDITIONAL PAID-IN CAPITAL	16			
Balance at beginning of year		**3,008,959,878**	2,031,441,541	2,031,441,541
Issuance of preferred shares		**–**	990,000,000	–
Stock issuance costs		**–**	(12,481,663)	–
Balance at end of year		**3,008,959,878**	3,008,959,878	2,031,441,541
RETAINED EARNINGS	16			
Balance at beginning of year		**3,161,789,766**	2,214,144,875	2,085,398,501
Net income for the year		**887,295,539**	1,187,016,033	333,479,516
Dividends declared during the year		**(274,009,142)**	(239,371,142)	(204,733,142)
Change in non-controlling interest		**3,978,466**	–	–
Balance at end of year		**3,779,054,629**	3,161,789,766	2,214,144,875
OTHER EQUITY RESERVES	16			
Balance at beginning of year		**(207,724)**	18,169,495	7,448,391
Additions (disposals)		**230,570,870**	(18,377,219)	10,721,104
Balance at end of year		**230,363,146**	(207,724)	18,169,495
PARENT COMPANY'S PREFERRED SHARES HELD BY A SUBSIDIARY - at cost	16	**(12,500,000)**	(12,500,000)	(12,500,000)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		**8,005,634,789**	7,157,799,056	5,241,013,047

(Forward)

		Years Ended December 31		
	Note	**2020**	2019	2018
NON-CONTROLLING INTERESTS	4			
Balance at beginning of year		**₱317,592,830**	₱17,265,039	(₱37,926,744)
Share in net income during the year		**281,828,766**	300,131,844	55,137,730
Deposit for future stock subscription		**624,026,537**	–	–
Subscription to a subsidiary		**5,000,000**	250,000	–
Change in non-controlling interest		**(3,978,466)**	–	–
Effect of consolidation of Arcosouth Development Inc.		**–**	(54,053)	54,053
Balance at end of year		**1,224,469,667**	317,592,830	17,265,039
		₱9,230,104,456	₱7,475,391,886	₱5,258,278,086

See accompanying Notes to Consolidated Financial Statements.

ARTHALAND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2020**	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**₱1,659,394,727**	₱2,123,292,911	₱554,352,852
Adjustments for:				
Net gain on change in fair value of investment properties	10	**(959,989,140)**	(1,180,724,811)	(172,819,094)
Interest expense	13	**278,898,562**	124,339,961	72,872,660
Depreciation and amortization	11	**45,172,717**	26,722,029	15,449,610
Retirement expense	21	**23,880,697**	22,541,961	35,736,315
Realized gain on disposals of financial assets at FVPL	7	**(19,071,132)**	(16,784,004)	(14,190,431)
Unrealized holding losses (gains) on financial assets at FVPL	7	**(12,217,775)**	617,582	6,385,529
Interest income	6	**(9,379,745)**	(13,489,356)	(6,088,906)
Amortization of initial direct leasing costs	10	**6,838,645**	5,410,930	1,126,823
Loss on disposal of investment properties		**461,752**	–	8,334,033
Loss (gain) on sale of property and equipment	11	**73,601**	(322,744)	–
Foreign exchange losses (gains)	20	**8,393**	605,121	(906,754)
Gain on settlement of loans payable	20	**–**	–	(319,553,431)
Operating income before working capital changes		**1,014,071,302**	1,092,209,580	180,699,206
Increase in:				
Receivables		**(149,392,031)**	(151,911,398)	(556,576,406)
Contract assets		**(2,091,398,350)**	(2,465,284,745)	(785,197,944)
Real estate for sale		**(1,064,077,407)**	(1,859,170,852)	(423,556,692)
Other assets		**(248,918,859)**	(339,944,340)	(6,456,540)
Increase (decrease) in:				
Accounts payable and other liabilities		**283,259,791**	788,245,948	240,318,176
Contract liabilities		**(4,756,282)**	11,794,394	(101,327,181)
Net cash used in operations		**(2,261,211,836)**	(2,924,061,413)	(1,452,097,381)
Interest paid		**(640,147,052)**	(285,688,190)	(174,354,580)
Income taxes paid		**(100,194,522)**	(137,401,701)	(103,536,471)
Contribution to retirement plan assets	21	**(30,000,000)**	(15,003,669)	(5,000,000)
Interest received		**9,379,745**	12,176,797	6,006,812
Net cash used in operating activities		**(₱3,022,173,665)**	(₱3,349,978,176)	(₱1,728,981,620)

(Forward)

	Note	Years Ended December 31		
		2020	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Financial assets at FVPL	7	**(₱5,114,756,389)**	(₱4,542,390,465)	(₱1,176,084,250)
Investment properties	10	**(83,779,831)**	(154,046,731)	(486,818,962)
Property and equipment	11	**(43,849,201)**	(71,949,144)	(36,917,708)
Proceeds from disposal of:				
Financial assets at FVPL		**2,660,943,143**	3,982,464,489	1,507,648,191
Investment properties		**1,300,000**	–	20,462,000
Property and equipment		**960,119**	453,099	623,878
Net cash used in investing activities		**(2,579,182,159)**	(785,468,752)	(171,086,851)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Loans payable	13	**5,342,426,370**	3,486,252,129	1,846,036,912
Bonds payable	14	**3,000,000,000**	–	–
Deposit for future stock subscription from non-controlling interest	3	**624,026,537**	–	–
Sale of interest in a subsidiary and transfer of receivables	4	**429,500,000**	–	–
Advances from non-controlling interests		**28,000,000**	757,919,606	100,000,000
Issuance of preferred shares		**–**	987,518,337	–
Payments of:				
Loans payable	13	**(2,958,344,266)**	(728,331,864)	(152,000,000)
Dividends	16	**(274,393,696)**	(238,484,518)	(204,273,545)
Debt issue cost		**(55,985,638)**	(6,168,013)	–
Net cash provided by financing activities		**6,135,229,307**	4,258,705,677	1,589,763,367
EFFECT OF CONSOLIDATION	4	**–**	(852,576)	4,990,173
NET EFFECT OF EXCHANGE RATE CHANGES TO CASH AND CASH EQUIVALENTS		**(8,393)**	(605,121)	906,754
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**533,865,090**	121,801,052	(304,408,177)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**407,214,384**	285,413,332	589,821,509
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	**₱941,079,474**	₱407,214,384	₱285,413,332

(Forward)

	Note	Years Ended December 31 **2020**	2019	2018
COMPONENTS OF CASH AND CASH EQUIVALENTS	6			
Cash on hand		**₱155,000**	₱80,000	₱80,000
Cash in banks		**581,633,212**	344,377,842	46,526,688
Cash equivalents		**359,291,262**	62,756,542	238,806,644
		₱941,079,474	₱407,214,384	₱285,413,332
NONCASH FINANCIAL INFORMATION:				
Capitalized borrowing costs	13	**₱420,766,163**	₱186,255,249	₱172,826,857
Transfer of raw land and asset under construction from "Real estate for sale" account to "Investment properties" account	9	**–**	22,456,601	216,890,959
Settlement of loans payable through dacion en pago	13	**–**	–	1,847,539,634
Recognition of property of Arcosouth	3	**–**	–	490,983,477
Transfer of construction in progress from "Investment properties" account to "Property and equipment" account	10	**–**	–	176,865,569

See accompanying Notes to Consolidated Financial Statements.

1. General Information

Corporate Information

Arthaland Corporation (the Parent Company or ALCO) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on August 10, 1994. ALCO's common shares and Series B and C preferred shares are listed for trading in the Philippine Stock Exchange (PSE). The Parent Company is primarily engaged in real estate development and leasing.

The Parent Company is currently 40.3% owned by CPG Holdings, Inc. (CPG) and 26.0% owned by AO Capital Holdings 1, Inc. (AOCH1), both holding companies incorporated in the Philippines.

In June 2019, the Parent Company made a follow-on offering of 10.0 million cumulative, nonvoting, nonparticipating and nonconvertible Peso-denominated Series C preferred shares at ₱1.00 par value a share at the issuance price of ₱100 a share (see Note 16).

In January 2020, the SEC approved the registration of ALCO's ASEAN Green Bonds and the initial tranche of ₱2.0 billion bonds with an offer subscription of ₱1.0 billion (see Note 14).

The registered office and principal place of business of the Parent Company is located at 7/F Arthaland Century Pacific Tower, 5th Avenue corner 30th Street, Bonifacio Global City (BGC), Taguig City.

Composition of the Group

The consolidated financial statements include the Parent Company and the following subsidiaries (collectively referred herein as "the Group"):

	Place of	Effective % of Ownership		
Subsidiary	Incorporation	**2020**	2019	2018
Cazneau, Inc. (Cazneau)	Philippines	**100%**	100%	100%
Emera Property Management, Inc. (EPMI)	Philippines	**100%**	100%	100%
Manchesterland Properties, Inc. (MPI)	Philippines	**100%**	100%	100%
Urban Property Holdings, Inc. (UPHI)	Philippines	**100%**	100%	100%
Zileya Land Development Corporation (ZLDC)	Philippines	**100%**	100%	100%
Bhavana Properties, Inc. (Bhavana)	Philippines	**100%**	100%	–
Bhavya Properties, Inc. (Bhavya)	Philippines	**100%**	100%	–
Pradhana Land, Inc. (PLI)	Philippines	**100%**	100%	–
Kashtha Holdings, Inc. (KHI)	Philippines	**60%**	100%	–
Cebu Lavana Land Corp. (CLLC)	Philippines	**60%**	60%	60%
Savya Land Development Corporation (SLDC)	Philippines	**59%***	98%	100%

**indirectly owned through KHI*

All of the subsidiaries were established to engage primarily either in real estate development or property leasing, except for EPMI which is a property management company and KHI which is an investment holding company.

In March 2018, the Parent Company and Help Holdings Inc. (HHI) (collectively referred to as the Parties) entered into an agreement (the Agreement) to jointly develop the adjacent lots (the Property) of SLDC and Arcosouth Development Inc. (ADI), the subsidiary of HHI, aggregating 5,991 square meters (sqm) located in Arca South, Taguig City. The Parties agreed, among others to merge SLDC and Arcosouth into a single corporation, with SLDC as the surviving entity. The merger of SLDC and Arcosouth was approved by the SEC on August 22, 2019.

Also, in August 2019, ALCO and Mitsubishi Estate Company, Limited (MEC), a corporation duly organized and existing under the laws of Japan, have agreed to invest in, establish and maintain a joint venture company to be owned 60% by ALCO and 40% by MEC which will (i) acquire and, thereafter, own and hold the 50% ownership in SLDC, and (ii) acquire by assignment the shareholder's advances made by ALCO to SLDC. On October 1, 2019, ALCO incorporated KHI as the designated joint venture company.

In 2020, ALCO transferred all of its shares in SLDC, representing 98.5% ownership over SLDC, to KHI. Then in June 2020, ALCO sold 5 million common shares in KHI with total par value of ₱5.0 million, representing 40% ownership over KHI, to MEC for ₱275.0 million (see Note 16). The transfer of KHI's shares decreased the effective ownership of ALCO over SLDC from 98% to 59%.

In 2019, the Parent Company subscribed to 100% shares of Bhavana, Bhavya and PLI.

Major Projects

ALCO's first major development project is the Arya Residences Towers 1 and 2 (Arya Residences) located in BGC, Taguig City. Arya Residences is the first top-market residential condominium development in the Philippines to be awarded the US Green Building Council's (USGBC) Leadership in Energy and Environmental Design (LEED) program Gold certification and a 4-star rating from the Philippine Green Building Council's (PHILGBC) Building for Ecologically Responsive Design Excellence (BERDE) program. The Arya Residences was completed on December 31, 2016.

In 2014, the Parent Company started the construction of Arthaland Century Pacific Tower (ACPT) in BGC, ALCO's flagship office project. ACPT is a 30-storey AAA-grade office building designed by SOM New York, the same group that penned the One World Trade Center and Burj Khalifa in Dubai. ACPT secured the LEED Platinum and BERDE 5-star certification in 2018. ACPT became the first office building in the Philippines to secure the dual certification of the highest rating from USGBC LEED as Platinum and PHILGBC's BERDE as 5-star rated. It is registered with the Philippine Economic Zone Authority (PEZA) as an Ecozone Facilities Enterprise (see Note 23) and was completed in the 1st quarter of 2019.

In 2016, CLLC commenced the development of Cebu Exchange Project (Cebu Exchange), a 38-storey office building in Barangay Lahug, Cebu City. The Cebu Exchange was awarded the LEED Program Gold certification. Similarly, the project was also awarded a 5-star certification from the BERDE rating system of the PHILGBC. Besides being designed to be a world-class workplace, Cebu Exchange is envisioned to be a complete ecosystem, with four retail floors for the convenience of its occupants. With a gross floor area of 108,564 sqm, Cebu Exchange boasts of being the largest green building in the country. The construction of Cebu Exchange commenced in the second quarter of 2018 and is expected to be completed in 2021.

In 2018, Cazneau started the construction of the first phase of Sevina Park, an integrated community project in an eight-hectare property in Laguna. The initial development called Courtyard Hall, covering the first 4,000 sqm of the property, is a campus-type or dormitory-type residential community (see Note 10). This was completed in June 2019. Also, in June 2019, Cazneau launched the Garden Villas at Sevina Park which cater to students and faculty population, and starter families within the area. The entire project, which will include retail spaces, is expected to be completed in phases within 2021 to 2024.

In December 2018, ZLDC acquired about 47.4% of a 2,018-sqm property located along Antonio Arnaiz Avenue within the Makati Central Business District. On this site, ZLDC, together with the party that has acquired the remaining 52.6% of the property, plans to develop a high-rise luxury residential property subject to the finalization of the terms of the joint venture.

In February 2019, SLDC launched the development of Savya Financial Center. This project is composed of two office towers with a gross floor area of 59,763 sqm and located in Arca South, Taguig City. The North Tower (of the Savya Financial Tower) is expected to be completed in 2021 while the South Tower is expected to be completed in 2022.

In August 2019, Bhavya started acquiring a prime property located inside the Makati Central Business District. Bhavya intends to develop the property into a high-end residential condominium. The property is approximately 1,000 sqm and is expected to be developed into approximately 15,000 sqm of GFA and approximately 11,000 sqm of NSA.

Also in August 2019, Bhavana purchased a prime property with a total area of 2,245 sqm, located in Cebu Business Park at the Corner Samar Loop Road and Ayala, Hipodromo, Cebu City. The property will be developed into the first premier, dual certified, sustainable residential condominium in Cebu City. The project is expected to be launched in the 1st half of 2021.

Approval of the Consolidated Financial Statements

The consolidated financial statements of the Group as at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018 were approved and authorized for issue by the BOD on March 24, 2021.

2. Summary of Significant Accounting Policies

Basis of Preparation

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial Reporting Standards Council and adopted by the SEC. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS), and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC).

Measurement Bases

The consolidated financial statements are presented in Philippine Peso (Peso), the Group's functional and presentation currency. Functional currency is the currency of the primary economic environment in which the Group operates. All values are stated in absolute amounts, unless otherwise indicated.

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for investments in money market fund and investment properties, which are carried at fair value, and net retirement liability, which is carried at the present value of the defined benefit obligation. Historical cost is generally based on the fair value of the consideration given in exchange for an asset or fair value of consideration received in exchange for incurring liability.

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 by the Group.

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

A fair value measurement of a nonfinancial 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.

When measuring the fair value of an asset or a liability, the Group uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Group (working closely with external qualified valuers) using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer’s specific circumstances). Inputs used are consistent with the characteristics of the asset or liability that market participants would take into account.

Further information about assumptions made in measuring fair values is included in the following:

- Note 3 - Significant Judgments, Accounting Estimates and Assumptions
- Note 7 - Financial Assets at FVPL
- Note 10 - Investment Properties
- Note 28 - Fair Value Measurement

Fair values are categorized into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognized by the Group at the end of the reporting period during which the change occurred.

Adoption of Amended PFRS
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS which the Group adopted effective for annual periods beginning on or after January 1, 2020:

- Amendments to References to the Conceptual Framework in PFRS – The amendments include a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance - in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurements uncertainty in financial reporting. The amendments should be applied retrospectively unless retrospective application would be impracticable or involve undue cost or effort.

- Amendments to PFRS 3 - *Definition of a Business* – This amendment provides a new definition of a "business" which emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. To be considered a business, 'an integrated set of activities and assets' must now include 'an input and a substantive process that together significantly contribute to the ability to create an output'. The distinction is important because an acquirer may recognize goodwill (or a bargain purchase) when acquiring a business but not a group of assets. An optional simplified assessment (the concentration test) has been introduced to help companies determine whether an acquisition is of a business or a group of assets.

- Amendments to PAS 1, *Presentation of Financial Statements* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material* – The amendments clarify the definition of "material" and how it should be applied by companies in making materiality judgments. The amendments ensure that the new definition is consistent across all PFRS standards. Based on the new definition, an information is "material" if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

Under prevailing circumstances, the adoption of the foregoing amended PFRS did not have any material effect on the consolidated financial statements. Additional disclosures were included in the notes to consolidated financial statements, as applicable.

Amended PFRS Issued But Not Yet Effective

Relevant amended PFRS which are not yet effective as at December 31, 2020 and have not been applied in preparing the consolidated financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2022:

- Amendments to PFRS 3, *Reference to Conceptual Framework* – The amendments replace the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendment included an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* or IFRIC 21, *Levies,* instead of the Conceptual Framework. The requirement would ensure that the liabilities recognized in a business combination would remain the same as those recognized applying the current requirements in PFRS 3. The amendment also added an explicit statement that contingent assets acquired in a business combination should not be recognized by an acquirer. The amendments should be applied prospectively.

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. The amendments 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 an entity first applies the amendment

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are fist applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity. Accordingly, the comparatives are not restated. Earlier application is permitted.

- Annual Improvements to PFRS 2018 to 2020 Cycle –

    - Amendments to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is 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 the lender on the other's behalf. The amendments apply 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 amendments. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2023 -

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted.

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 a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

- SEC Memorandum Circular No. 34, Series of 2020 - *Deferral of PIC Q&A No. 2018-12 and IFRIC Agenda Decision on Over Time Transfer of Constructed Goods PAS 23 - Borrowing Cost for Real Estate Industry* – The circular provides relief to the real estate industry by deferring the application of the provisions of the PIC Q&A No. 2018-12 with respect to the accounting for significant financing component and the exclusion of land in the calculation of percentage of completion (POC) and IFRIC agenda decision on over time transfer of constructed goods under PAS 23 - borrowing cost with respect to the accounting of capitalized borrowing cost, for another period of three (3) years or until 2023. Effective January 1, 2024, real estate companies will adopt PIC Q&A No. 2018-12, IFRIC agenda decision on over time transfer of constructed goods and any subsequent amendments thereof retrospectively or as the SEC will later prescribe.

  The Group opted to defer the application guidelines of the provisions of the PIC Q&A No. 2018-12. Accordingly, revenue from real estate sales is not adjusted for the effect of the time value of money, and the total cost incurred and total estimated cost to complete including the cost of land.

  Had the Group opted to adopt in full the guidance provided in PIC Q&A 2018-12, there would have been a decrease in revenue from real estate sales because of a lower POC rate. Moreover, the Group may have to recognize interest expense (income) if the buyers' payments are higher (lower) than the POC rate.

  Moreover, the Group opted to defer the application guidelines of the provisions of the IFRIC agenda decision on over time transfer of constructed goods. Accordingly, borrowing costs on real estate for sale under construction are capitalized.

Had the Group opted to adopt in full the guidance provided in the IFRIC agenda decision on over time transfer of constructed goods, borrowing costs will be recognized as an expense when incurred.

- SEC Memorandum Circular No. 3, Series of 2018, *PIC Q&A No. 2018-14: PFRS 15 - Accounting for Cancellation of Real Estate Sales* – Upon sales cancellation, the repossessed inventory would be recorded at fair value plus cost to repossess (or fair value less cost to repossess if this would have been opted). Effective January 1, 2021, real estate companies will adopt PIC Q&A No. 2018-14 and any subsequent amendments thereof retrospectively or as the SEC will later prescribe.

The adoption of the foregoing amended PFRS, except for SEC Memorandum Circular (MC) No. 34, Series of 2020, is not expected to have any material effect on the consolidated financial statements. The Group is still assessing the potential impact of SEC MC No. 34. Additional disclosures will be included in the notes to consolidated financial statements, as applicable.

Basis of Consolidation

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

- power over investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee affect its returns.

Subsidiaries are consolidated from the date of acquisition or incorporation, being the date on which the Parent Company obtains control, and continue to be consolidated until the date such control ceases.

The financial statements of the subsidiaries are prepared using the same reporting period of the Parent Company. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Intercompany balances and transactions, including intercompany profits and unrealized profits and losses, are eliminated in full.

A change in ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognized in profit or loss. If the Group retains interest in the previous subsidiary, then such interest is measured at fair value at the date control is lost. Subsequently, it is accounted for as an equity-accounted investee or as financial assets at fair value through other comprehensive income (FVOCI) depending on the level of influence retained.

Non-controlling interest represents the portion of profit or loss and net assets not held by the Parent Company and is presented separately in the Group's consolidated statements of comprehensive income and within equity in the Group's consolidated statements of financial position, separate from equity attributable to equity holders of the Parent Company, respectively.

Financial Assets and Liabilities

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

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

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

In cases where there is no observable data on inception, the Group deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

Classification. The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at FVOCI. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Group's business model and its contractual cash flow characteristics.

As at December 31, 2020 and 2019, the Group does not have financial assets at FVOCI and financial liabilities at FVPL.

Financial Assets at FVPL. Financial assets at FVPL are either classified as held for trading or designated at FVPL. A financial instrument is classified as held for trading if it meets either of the following conditions:

- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;

- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or

- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

This category includes equity instruments which the Group had not irrevocably elected to classify at FVOCI at initial recognition. This category includes debt instruments whose cash flows are not "solely for payment of principal and interest" assessed at initial recognition of the assets, or which are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The Group may, at initial recognition, designate a financial asset meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these asset.

After initial recognition, financial assets at FVPL are subsequently measured at fair value. Unrealized gains or losses arising from the fair valuation of financial assets at FVPL are recognized in profit or loss.

As at December 31, 2020 and 2019, the Group classified its investments in money market fund under this category (see Note 7).

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is 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.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2020 and 2019, the Group's contract assets, cash in banks, cash equivalents, receivables (excluding accrued rent under straight-line basis of accounting), amounts held in escrow, and deposits are classified under this category (see Notes 5, 6, 8, and 12).

Cash in banks are demand deposits with banks and earn interest at prevailing bank deposit rates. Meanwhile, cash equivalents are short-term highly liquid investments that are readily convertible into known amounts of cash, which are subject to an insignificant risk of changes in value and which have a maturity of three (3) months or less at acquisition.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at December 31, 2020 and 2019, the Group's loans and bonds payable, accounts payable and other liabilities (excluding statutory payables, payable to buyers and advance rent), contract liabilities and due related parties are classified under this category (see Notes 13, 14, 15 and 24).

Reclassification
The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income (OCI).

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Impairment of Financial Assets at Amortized Cost
The Group records an allowance for ECL. ECL is 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. The difference is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables and contract assets, the Group has applied the simplified approach and has calculated ECL based on the lifetime ECL. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets measured at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Derecognition of Financial Assets and Liabilities

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

- the right to receive cash flows from the asset has expired;

- the Group retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- the Group has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Group's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Group could raise debt with similar terms and conditions in the market. The difference between the carrying amount of the original liability and fair value of the new liability is recognized in the consolidated statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Assets and Liabilities
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statements of financial position.

Classification of Financial Instrument between Liability and Equity
A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;

- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or

- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Classification of Assets and Liabilities between Current and Noncurrent
The Group presents current and noncurrent assets, and current and noncurrent liabilities, as separate classifications in the notes to consolidated financial statements (see Note 29).

Current Assets. The Group classifies an asset as current when:

- It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

- It holds the asset primarily for the purpose of trading;

- It expects to realize the asset within 12 months after the reporting period; or

- The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Otherwise, the Group will classify all other assets as noncurrent.

Current Liabilities. The Group classifies a liability as current when:

- It expects to settle the liability in its normal operating cycle;

- It holds the liability primarily for the purpose of trading;

- The liability is due to be settled within 12 months after the reporting period; or

- It does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Otherwise, the Group will classify all other liabilities as noncurrent.

Cost to Obtain a Contract with a Customer

The Group recognizes an asset for the incremental cost of obtaining a contract with a customer if the Group expects to recover those costs. Otherwise, those costs are recognized as expense when incurred. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract such as, but not limited to, sales commissions paid to sales agents and nonrefundable direct taxes incurred in obtaining a contract.

Contract Balances

Contract Assets. A contract asset represents the Group's right to a consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditioned on something other than a passage of time. If the Group transferred goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for that earned consideration that is conditional. Contract assets are reclassified to receivables from sale of real estate upon completion of the performance obligation. Contract assets pertain to unbilled receivables from sale of office units which is computed based on POC.

Receivables from Sale of Real Estate. A receivable from sale of real estate represents the Group's right to a consideration that is unconditional. A right to a consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Contract Liabilities. A contract liability represents the Group's obligation to transfer goods to a customer for which the Group has received a consideration from the customer. If a customer pays a consideration before the Group transfers goods 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.

Debt Issue Costs

Debt issue costs are considered as an adjustment to the effective yield of the related debt and are deferred and amortized using the effective interest rate method. When a loan is paid, the related unamortized debt issue costs at the date of repayment are recognized in profit or loss. Unamortized debt issue costs is presented against the carrying amount of related debt.

Real Estate for Sale

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

Cost includes acquisition cost plus any other directly attributable costs of developing the asset to its saleable condition and costs of improving the properties up to the reporting date. Directly attributable costs include amounts paid to contractors, borrowing costs, planning and designing costs, costs of site preparation and construction overheads.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less estimated costs to complete and the estimated costs to sell. NRV in respect of land under development is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete the construction and less an estimate of the time value of money to the date of completion.

Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. When borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business or for administrative purposes.

The Group uses fair value model for the accounting of its investment properties. Under this method, investment properties are initially measured at cost but are subsequently remeasured at fair value at each reporting date, which reflects market conditions at the reporting date. Cost comprises the purchase price and any directly attributable costs in developing and improving the properties. Cost also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. The fair value of investment properties is determined using market data approach, income approach and cost approach by an independent real estate appraiser. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. For the purposes of these consolidated financial statements, in order to avoid double counting, the fair value reported in the consolidated financial statements is reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and minimum lease payments.

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

Investment properties are derecognized when either those 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 consolidated statements of comprehensive income in the year of retirement or disposal.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and any impairment losses.

The initial cost of property and equipment consists of the purchase price, including import duties, borrowing costs (during the construction period) and other costs directly attributable to bring the asset to its working condition and location for its intended use. Cost also includes the cost of replacing parts of such property and equipment when the recognition criteria are met and the present value of the estimated cost of dismantling and removing the asset and restoring the site where the asset is located.

Expenditures incurred after the property and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally charged to operations in the year 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 additional costs of property and equipment.

Depreciation and amortization are calculated on a straight-line basis over the following estimated useful lives of the property and equipment:

	Number of Years
Building and building improvements	50
Transportation and other equipment	3 to 5
Office equipment	3 to 5
Furniture and fixtures	3
Leasehold improvements	3 to 5 or lease term, whichever is shorter

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

Fully-depreciated assets are retained in the account until they are no longer in use and no further change for depreciation is made in respect to those assets.

Construction in progress is stated at cost. This includes cost of construction and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are completed and available for operational use.

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 or loss in the year the asset is derecognized.

Other Assets

Other assets include advances for project development, input value-added tax (VAT), prepayments, amounts held in escrow, deposits, deferred input VAT, creditable withholding taxes (CWT), advances for asset purchase and materials and supplies.

Advances for Project Development. Advances for project development are recognized whenever the Group pays in advance for its purchase of goods or services. These are measured at transaction price less impairment in value, if any.

VAT. Revenues, expenses and assets are recognized net of the amount of VAT except:

- where VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- where receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the tax authority is included as part of "Other assets" or "Accounts payable and other liabilities" accounts, respectively, in the consolidated statements of financial position.

Prepayments. Prepayments are expenses paid in advance and recorded as assets before these are utilized. Prepayments are apportioned over the period covered by the payment and charged to profit or loss when incurred. Prepayments that are expected to be realized for no more than 12 months after the reporting period are classified as current assets. Otherwise, these are classified as noncurrent assets.

Deferred Input VAT. In accordance with the Revenue Regulation (RR) No. 16-2005, input VAT on purchases or imports of the Group of capital goods (depreciable assets for income tax purposes) with an aggregate acquisition cost (exclusive of VAT) in each of the calendar month exceeding ₱1.0 million are claimed as credit against output VAT over 60 months or the estimated useful lives of capital goods, whichever is shorter. Deferred input VAT represents the unamortized amount of input VAT on capital goods. Deferred input VAT that are expected to be claimed against output VAT for no more than 12 months after the financial reporting period are classified as current assets. Otherwise these are classified as noncurrent assets.

Where the aggregate acquisition cost (exclusive of VAT) of the existing or finished depreciable capital goods purchased or imported during any calendar month does not exceed ₱1.0 million, the total input VAT will be allowable as credit against output VAT in the month of acquisition.

Materials and Supplies. The Group recorded as assets several excess construction materials and supplies from the completed construction of its projects. Materials and supplies are stated at lower of cost and NRV.

Amounts held in escrow and deposits qualify as financial assets.

Creditable Withholding Taxes (CWT). CWT represents the amount withheld by the Group's customers in relation to its income. CWT can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation.

Impairment of Nonfinancial Assets

The carrying amounts of the Group's nonfinancial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's net recoverable amount is estimated.

Any impairment loss is recognized if the carrying amount of an asset or its cash-generating unit (CGU) exceeds its net recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets of the Group. Impairment losses are recognized in profit or loss in the period incurred.

The net recoverable amount of an asset is the greater of its value in use or its fair value less costs to sell. Value in use is the present value of future cash flows expected to be derived from an asset while fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss has been recognized.

Payable to Customers

Payable to customers consist of amounts received by the Group from its tenants as reservation fees for lease or downpayments received from prospective buyers. These are recorded at face amount in the consolidated statements of financial position. These will be applied as security deposits upon execution of the lease contracts or against the total contract price of the real estate sale upon execution of contract to sell.

Advance Rent

Advance rent are initially recognized at the value of cash received, and will generally be applied as lease payments to the immediately succeeding months or in the last three (3) months of the lease term.

Capital Stock

Common Stock. Common stock is measured at par value for all shares issued.

Preferred Stock. The Group's preferred stocks are cumulative, nonvoting, nonparticipating and nonconvertible. Preferred stock is classified as equity if this is nonredeemable, or redeemable only at the Group's option, and any dividends thereon are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the BOD of the Parent Company.

Preferred stock is classified as a liability if this is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in profit or loss as accrued.

Additional Paid-in Capital
Additional paid-in capital is the proceeds and/or fair value of considerations received in excess of par value of the subscribed capital stock. Incremental costs incurred directly attributable to the issuance of new shares are recognized as deduction from equity, net of any tax. Otherwise, these are recognized as expense in profit or loss.

Retained Earnings
Retained earnings represent the cumulative balance of net income or loss, net of any dividend declaration and prior period adjustments.

Other Comprehensive Income
Other components of equity comprise of items of income and expense that are not recognized in profit or loss for the year. Other comprehensive income pertains to cumulative remeasurement gains (losses) on net retirement liability.

Parent Company's Shares Held by a Subsidiary
Shares of the Parent Company held by a subsidiary are carried at cost and are deducted from equity. No gain or loss is recognized on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Non-controlling Interests
Non-controlling interests represent the portion of net results and net assets not held by the Parent Company. These are within equity presented in the consolidated statements of financial position, separately from equity attributable to equity holders of the Parent Company and are separately disclosed in the consolidated statements of income and consolidated statements of comprehensive income. Non-controlling interests consist of the amount of those interests at the date of original business combination and the non-controlling interests' share on changes in equity since the date of the business combination.

Basic and Diluted Earnings per Share (EPS)
Basic EPS is computed by dividing the net income for the period attributable to common equity holders of the Parent Company by the weighted average number of issued and outstanding and subscribed common shares during the period, with retroactive adjustment for any stock dividends declared.

Diluted EPS is computed in the same manner, adjusted for the effects of any potentially dilutive convertible securities.

Revenue Recognition
Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Group perform its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

Revenue from contracts with customers is recognized when control of the goods and services is transferred to the customer in an amount that reflects the consideration to which the Group expected to be entitled in exchange for those goods and services.

The Group also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Group has assessed that it acts as a principal in all of its revenue sources.

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

Revenue from Real Estate Sales. Revenue from the sale of completed real estate project is accounted for using the full accrual method in which revenue is recognized at a point in time when control is transferred to a customer. The Group transfers control of real estate for sale under pre-completion contracts over time and, therefore, satisfies the performance obligations under the contract and recognizes revenue over time.

The Group considers a contract to sell as a valid revenue contract. The Group also assess the probability that it will collect the consideration under the contract prior to recognizing revenue. This assessment is based on the customer's ability and intention to pay the amount of consideration when it is due. If any of the above criteria is not met, the deposit method is applied until all the conditions for recognizing revenue are met.

The Group recognizes revenue from real estate sales under pre-completion contracts based on POC using the input method in which revenue is recognized on the basis of costs incurred up until the end of the reporting period as a proportion of total costs expected to be incurred.

The Group opted to defer the application guidelines of the provisions of the PIC Q&A No. 2019-12 with respect to the accounting for significant financing component, uninstalled materials and the exclusion of land in the computation of POC for a period of three (3) years.

Accordingly, the consideration is not adjusted for the effects of the time value of money, and the total cost incurred and total estimated cost to complete including the cost of land.

For tax purposes, full recognition is applied when more than 25% of the selling price has been collected in the year of sale. Otherwise, the installment method is applied.

Leasing Revenue. Leasing revenue consists of rent income and common use service area (CUSA) fees. Rent income arising from operating leases on investment properties is recognized on a straight-line basis over the lease terms, except for contingent rental income, which is recognized in the period that it arises. Tenant lease incentives are recognized as a reduction of rental income on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, management is reasonably certain that the tenant will exercise that option. CUSA fees are recognized as income once earned. These are charged monthly and are based on the lessee's proportionate share on the common areas.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognized in profit or loss when the right to receive those amounts arises.

Property Management Fees. Revenue is recognized in profit or loss when the related services are rendered.

Interest Income. Interest income is recognized as the interest accrues, taking into account the effective yield on the asset.

Other Income. Income from other sources is recognized when earned during the period.

Cost and Expenses Recognition

Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

Cost of Real Estate Sales. Cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of condominium units sold before the completion of the development is determined on the basis of the acquisition cost of the land plus its full development costs, which include estimated costs for future development works.

Cost of Leasing Operations. Cost of leasing operations, which constitute direct cost incurred in relation to the leasing of properties of the Group which includes ACPT, Cazneau's dormitory units and MPI's commercial units, is recognized as expense when incurred.

Cost of Services. Cost of services, which constitute direct cost incurred in relation to EPMI's provision of property management services is recognized as expense when services are rendered.

Operating Expenses. Operating expenses constitute cost of administering the business and cost incurred to sell and market its products and services. These are recognized as incurred.

Finance Costs. Finance costs are recognized in profit or loss using the effective interest method.

Leases

The Group assesses whether the contracts is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Group assesses whether, throughout the period of use, it has both of the following:

i. the right to obtain substantially all of the economic benefits from use of the identified asset; and,

ii. the right to direct the use of the identified asset.

If the Group has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Group also assesses whether a contract contains a lease for each potential separate lease component.

The Group as a Lessor. Leases where the Group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which these are earned.

Employee Benefits

Short-term Benefits. The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits. The Group has a funded, non-contributory defined benefit plan covering all qualified employees. The retirement benefits cost is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Group recognizes service costs, comprising of current service costs, past service costs and net interest expense or income in profit or loss. Net interest is calculated by applying the discount rate to the net retirement liability or asset.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment, and the date that the Group recognizes restructuring-related costs.

Remeasurements pertaining to actuarial gains and losses and return on plan assets 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 in trust and managed by a trustee bank. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. The fair value of the plan assets is based on the market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the retirement 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 net retirement asset (liability) is the aggregate of the present value of the defined benefit obligation and the fair value of plan assets against which the obligations are to be settled directly, adjusted for any effect of asset ceiling. The present value of the retirement obligation is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability. The asset ceiling is the present value of future economic benefits available in the form of refunds from the plan or reductions in future contribution to the plan.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

Foreign Currency - Denominated Transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at reporting date. Resulting exchange differences arising on the settlement of or on translating such monetary assets and liabilities are recognized in profit or loss.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

The carrying amount of deferred 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 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 the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are applicable to 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.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted, that is, when the investment property is depreciable and is held within the business model whose objective is consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Most changes in deferred tax assets or deferred tax liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax relating to items recognized outside profit or loss is recognized under OCI and outside profit or loss.

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

Related Party Transactions
Related party transactions are transfer of resources, services or obligations between the Group and its related parties, regardless whether a price is charged. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related parties in an economically comparable market.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These includes: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the investee that gives them significant influence over the investee and close members of the family of any such individual; and, (d) the Parent Company's funded retirement plan.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

The key management personnel of the Group are also considered to be related parties.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment reporting a strategic business unit that offers different products and serves different markets. Financial information on the Group's business segments is presented in Note 30 to the consolidated financial statements.

Provisions and Contingencies
Provisions are recognized when the Group has a present legal or constructive obligation 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. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including risks and uncertainties associated with the present obligation. 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 the end of each reporting period and adjusted to reflect the current best estimate.

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements 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 in the notes to consolidated statements of financial position when an inflow of economic benefits is probable.

Events After the Reporting Period
Any post-year-end event that provides additional information about the Group's financial position at the end of the reporting period (adjusting event) is reflected in the consolidated financial statements. Post-year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of consolidated financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of asset, liabilities, income and expenses. The accounting estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Judgments

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

Determining Functional Currency. Based on management's assessment, the functional currency of the Group has been determined to be Philippine Peso, the currency of the primary economic environment in which the Group operates. It is the currency that mainly influences the operations of the Group.

Classifying Financial Instruments. The Group exercises judgment in classifying financial instruments in accordance with PFRS 9. The Group exercises judgment in classifying a financial instrument, or its component parts, on initial recognition as either a financial asset, a financial liability or an equity instrument in accordance with the Group's business model and its contractual cash flow characteristics and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statements of financial position.

Determining Control or Joint Control over an Investee Company. Control is presumed to exist when an investor has power over an investee, 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. On the other hand, joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Group has determined that by virtue of the Parent Company's majority ownership of voting rights in its subsidiaries as at December 31, 2020, 2019 and 2018, it has the ability to exercise control over these investees.

Determining Revenue and Cost Recognition. Selecting an appropriate revenue recognition method for a particular real estate transaction requires certain judgments based on the buyer's commitment on the sale which may be ascertained through the significance of the buyer's initial investment and completion of development.

The Group recognizes revenue over time if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group performance as the entity performs.

- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The Group concluded that revenue from real estate sale of office units of Cebu Exchange and Savya Financial Center and sale of residential units in Sevina Park is recognized over time. The Group also determined that input method is the appropriate method in measuring the POC of Cebu Exchange, Savya Financial Center and Sevina Park. Under POC, the Group satisfies its performance obligation to deliver a portion of the property to the customer over time. The input method is based on the costs incurred up until the end of the reporting period as a proportion of total costs expected to be incurred. Changes in estimates may affect the reported amounts of revenue, cost of real estate sales, contract assets and contract liabilities. On the other hand, revenue from sale of condominium units of Arya Residences is recognized at a point in time, when control is transferred.

Revenue from real estate sales of Cebu Exchange, Savya Financial Center and Sevina Park recognized based on POC amounted to ₱2,919.1 million in 2020, ₱3,515.8 million in 2019 and ₱845.0 million in 2018. Revenue from sale of real estate inventories of Arya Residences amounted to nil in 2020 and 2019 and ₱147.6 million in 2018 (see Note 17). Related cost of real estate sales amounted to ₱1,549.2 million in 2020, ₱2,038.0 million in 2019 and ₱599.7 million in 2018 (see Note 9).

Classifying Real Estate for Sale, Investment Properties and Property and Equipment. The Group determines whether a property qualifies as a real estate for sale, an investment property or an item of property and equipment. In making its judgment, the Group considers whether the property is held for sale in the ordinary course of business, held primarily to earn rentals or capital appreciation or both, or used for operations and administrative purposes by the Group.

Real estate for sale amounted to ₱6,894.9 million and ₱5,410.1 million as at December 31, 2020 and 2019, respectively (see Note 9). Investment properties amounted to ₱8,315.2 million and ₱7,280.0 million as at December 31, 2020 and 2019, respectively (see Note 10). Property and equipment amounted to ₱280.2 million and ₱282.5 million as at December 31, 2020 and 2019, respectively (see Note 11).

Determining the Highest and Best Use of Investment Properties. The Group determines the highest and best use of its investment properties when measuring fair value. In making its judgment, the Group takes into account the use of the investment properties that is physically possible, legally permissible and financially feasible. The Group has determined that the highest and best use of the investment properties is their current use.

Investment properties amounted to ₱8,315.2 million and ₱7,280.0 million as at December 31, 2020 and 2019, respectively (see Note 10).

Determining Lease Commitments - Group as Lessor. The Group entered into various lease contracts for its office units in ACPT, commercial units in Arya Residences and dormitory units in Sevina Park's Courtyard Hall. The Group has determined that the risks and benefits of ownership related to the leased properties are retained by the Group. Accordingly, the leases are accounted for as operating leases.

Revenue from leasing operations recognized from these operating leases amounted to ₱371.6 million in 2020, ₱321.9 million in 2019 and ₱132.4 million in 2018 (see Note 22).

Classifying Lease Commitments - Group as a Lessee. The Group has entered into lease agreements as a lessee. For these leases, the Group availed of the exemption for short-term leases with term of 12 months or less. Accordingly, lease payments on short-term leases were recognized as expense on a straight-line basis over the lease term.

Rent expense amounted to ₱3.0 million in 2020, ₱1.7 million in 2019 and ₱14.5 million in 2018 (see Note 22).

Assessing Provisions and Contingencies. The Group evaluates legal and administrative proceedings to which it is involved based on analysis of potential results. Management and its legal counsels do not believe that any current proceedings will have material adverse effects on its consolidated financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in estimates or in the effectiveness of strategies relating to these proceedings.

Accounting Estimates and Assumptions

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

Recognizing Revenue and Cost of Real Estate Sales. The Group's revenue and cost recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue and cost. Revenue and cost of sale of real estate of Cebu Exchange, Savya Financial Center and Sevina Park recognized based on POC are measured principally based on the costs incurred up until the end of the reporting period at a proportion of total costs expected to be incurred.

Revenue from real estate sales recognized based on POC amounted to ₱2,919.1 million in 2020, ₱3,515.8 million in 2019 and ₱845.0 million in 2018. Related cost of real estate sales amounted to ₱1,549.2 million in 2020, ₱2,038.0 million in 2019 and ₱553.2 million in 2018.

Estimating the Fair Value of Investment Properties. Investment properties are measured at fair values. The Group works closely with external qualified appraisers who performed the valuation using appropriate valuation techniques. The Group estimates expected future cash flows, yields, occupancy rates and discount rates. The valuation techniques and inputs used in the fair value measurement of investment properties are disclosed in Note 10 to the consolidated financial statements.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the investment properties and the level of the fair value hierarchy.

Investment properties amounted to ₱8,315.2 million and ₱7,280.0 million as at December 31, 2020 and 2019, respectively (see Note 10).

Determining the NRV of Real Estate for Sale. Real estate for sale is stated at lower of cost or NRV. NRV for completed real estate for sale is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group in the light of recent market transactions. NRV in respect of real estate assets under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete the 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.

No provision for inventory obsolescence was recognized in 2020, 2019 and 2018. The carrying amount of real estate for sale amounted to ₱6,894.9 million and ₱5,410.1 million as at December 31, 2020 and 2019, respectively (see Note 9).

Assessing ECL on Trade Receivables and Contract Assets. The Group initially uses a provision matrix based on the historical default rates for trade receivables. The provision matrix specifies provision rates depending on the number of days that a receivable is past due. The Group then calibrates the provision matrix to adjust historical credit loss experience with forward-looking information on the basis of current observable data to reflect the effects of current and forecasted economic conditions.

The Group adjusts historical default rates if forecasted economic conditions such as gross domestic product are expected to deteriorate which can lead to increased number of defaults in the real estate industry. The Group regularly reviews the methodology and assumptions used for estimating ECL to reduce any differences between estimates and actual credit loss experience.

The determination of the correlation between historical default rates and forecasted economic conditions is a significant estimate. Accordingly, the provision for ECL of receivable from real estate sales is sensitive to changes in assumptions about forecasted economic conditions.

The Group's exposure to risk of default is mitigated by the requirement that title to real estate for sale is transferred to the buyer only upon full payment of the contract price.

No provision for ECL was recognized in 2020, 2019 and 2018. The Group's trade receivables and contract assets aggregated ₱5,684.6 million and ₱3,463.5 million as at December 31, 2020 and 2019, respectively (see Notes 5 and 8).

Assessing the ECL on Other Financial Assets at Amortized Cost. The Group determines the allowance for ECL based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12-months unless there has been a significant increase in credit risk since initial recognition in which case ECL are provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- actual or expected external and internal credit rating downgrade
- existing or forecasted adverse changes in business, financial or economic conditions
- actual or expected significant adverse changes in the operating results of the borrower
- significant changes in credit spread, rates or terms such as more stringent covenants and increased amount of collateral or guarantees

The Group also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

No provision for ECL was recognized in 2020, 2019 and 2018.

The carrying amounts of financial assets are as follows:

Asset Type	Note	**2020**	2019
Cash and cash equivalents*	6	**₱940,924,474**	₱407,134,384
Due from related parties	8	**58,112,709**	53,841,382
Receivable from non-affiliated entity	8	**11,534,432**	12,172,935
Advances to employees	8	**10,532,725**	7,971,657
Interest receivables	8	**22,733,591**	3,430,504
Other receivables	8	**4,230,664**	632,682
Amounts held in escrow	12	**85,052,814**	85,402,876
Deposits	12	**56,072,105**	62,270,945

**excluding Cash on Hand*

Determining Fair Value of Investment in Money Market Fund. The Group classifies its investment in money market fund as financial asset at FVPL in the consolidated statements of financial position. The Group determined the fair value of investment in money market fund using available market prices in active markets for identical assets (Level 1). Any changes in the fair value of this financial asset would affect profit or loss.

The fair value and carrying amount of investment in money market fund amounted to ₱3,257.3 million and ₱772.2 million as at December 31, 2020 and 2019, respectively (see Note 7).

Estimating the Useful Lives of Property and Equipment. The Group reviews annually the estimated useful lives of property and equipment based on expected asset's utilization, market demands and future technological development. It is possible that the factors mentioned may change in the future, which could cause a change in estimated useful lives. A reduction in estimated useful lives could cause a significant increase in depreciation and amortization of property and equipment.

There were no changes in the estimated useful lives of property and equipment during 2020, 2019 and 2018. The carrying amount of property and equipment amounted to ₱280.2 million and ₱282.5 million as at December 31, 2020 and 2019, respectively (see Note 11).

Assessing the Impairment of Nonfinancial Assets. The Group assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In assessing whether there is any indication that an asset may be impaired, the Group considers the external and internal sources of information. External sources of information include but are not limited to unexpected significant decline in market value and any other significant changes with an adverse effect on the Group, whether it had taken place during period or will take place in the near future in the market, economic or legal environment in which the entity operates or in the market to which the asset is dedicated. Internal sources of information include evidence of obsolescence or physical damage on an asset, significant changes with an adverse effect on the Group whether it had taken place during the period, or are expected to take place in the near future, to the extent to which, or in a manner in which, an asset is used or is expected to be used, and any other evidence that indicates that the economic performance of an asset is, or will be, worse than expected.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. The fair value less cost to sell 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 continuing use of an asset and from its disposal at the end of its useful life.

Value in use is determined as the present value of estimated future cash flows expected to be generated from the continued use of the assets. The estimated cash flows are projected using growth rates based on historical experience and business plans and are discounted using pretax discount rates that reflect the current assessment of the time value of money and the risks specific to the asset.

Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs.

No provision for impairment loss on nonfinancial assets was recognized in 2020, 2019 and 2018.

The carrying amounts of nonfinancial assets are as follows:

Asset Type	Note	**2020**	2019
Accrued rent receivable*	8	**₱89,557,339**	₱99,004,111
Property and equipment	11	**280,192,479**	282,549,715
Other assets**	12	**1,836,481,141**	1,535,973,694

**presented under "Receivables" account.*

***excluding deposits and amounts held for escrow aggregating ₱141.1 million and ₱147.7 million as at December 31, 2020 and 2019, respectively.*

Estimating Retirement Expense. The determination of the Group's obligation and cost for pension and other retirement benefits is dependent on selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 21 to the consolidated financial statements and include among others, discount rate and salary increase rate. While the Group believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions materially affect net retirement liability.

Net retirement liability amounted to ₱101.5 million and ₱99.9 million as at December 31, 2020 and 2019 (see Note 21).

Assessing the Realizability of Deferred Tax Assets. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences and carryforward benefits of unused MCIT and NOLCO is based on the projected taxable income in the following periods. Based on the projection, not all future deductible temporary differences will be realized, therefore, only a portion of deferred tax assets was recognized.

The carrying amount of recognized deferred tax assets amounted to ₱241.5 million and ₱110.2 million as at December 31, 2020 and 2019, respectively. Unrecognized deferred tax assets amounted to ₱8.1 million and ₱5.7 million as at December 31, 2020 and 2019, respectively, as management assessed that these may not be realized in the future (see Note 23).

4. **Material Non-controlling Interests**

The Group's non-controlling interests amounting to ₱1,224.5 million, ₱317.6 million, ₱17.3 million as at December 31, 2020, 2019 and 2018, respectively, pertains to interests in CLLC, KHI and SLDC.

CLLC
The non-controlling interest in CLLC is 40%. The net income of CLLC allocated to non-controlling interests amounting to ₱228.4 million in 2020, ₱296.1 million in 2019 and ₱55.1 million in 2018 is calculated based on the profit sharing agreement of 50:50.

The summarized financial information of CLLC, before intercompany eliminations, as at and for the year ended December 31, 2020, 2019 and 2018 follows:

	2020	2019	2018
Current assets	**₱8,214,470,597**	₱5,937,595,017	₱2,865,334,534
Noncurrent assets	**10,873,955**	19,325,977	40,704,383
Current liabilities	**(5,602,523,973)**	(3,562,434,070)	(1,568,748,542)
Noncurrent liabilities	**(1,524,515,987)**	(1,753,020,892)	(1,287,620,000)
Net asset	**₱1,098,304,592**	₱641,466,032	₱49,670,375

	2020	2019	2018
Revenue	**₱2,126,330,822**	₱2,870,054,489	₱844,954,725
Expenses	**(1,474,349,597)**	(2,028,066,337)	(693,371,617)
Income before income tax	**651,981,225**	841,988,152	151,583,108
Other income - net	**1,312,137**	3,851,740	5,007,751
Provision for income tax	**(196,454,802)**	(254,044,235)	(46,315,400)
Net income	**456,838,560**	591,795,657	110,275,459
Other comprehensive income	**–**	–	–
Total comprehensive income	**₱456,838,560**	₱591,795,657	₱110,275,459

	2020	2019	2018
Cash flows from (used in):			
Operating activities	**(₱1,238,655,164)**	(₱1,028,862,911)	(₱946,673,203)
Investing activities	**(2,342,993)**	(332,083,162)	(15,266,432)
Financing activities	**1,428,498,442**	1,367,901,683	862,479,332
Net increase (decrease) in cash	**187,500,285**	6,955,610	(99,460,303)
Cash at beginning of year	**58,925,834**	51,970,224	151,430,527
Cash at end of year	**₱246,426,119**	₱58,925,834	₱51,970,224

SLDC
As at December 31, 2020 and 2019, non-controlling interests is 41% and 2%, respectively over SLDC.

In 2020, the SLDC received deposit for future stock subscription of ₱624.0 million from the non-controlling interest.

Net income of SLDC allocated to non-controlling interests amounted to ₱53.4 million in 2020, nil in 2019 and nil in 2018 which is determined based on the joint venture agreement between ALCO and MEC.

The summarized financial information of SLDC, before intercompany eliminations, as at and for the years ended December 31, 2020 2019 and 2018 is as follows:

	2020	2019	2018
Current assets	**₱4,069,922,386**	₱2,709,664,451	₱1,656,459,873
Noncurrent assets	**31,730,462**	31,282,631	31,437,443
Current liabilities	**(1,732,357,568)**	(1,323,561,747)	(994,118,135)
Noncurrent liabilities	**(1,333,945,153)**	(1,112,145,671)	(684,874,091)
Net asset	**₱1,035,350,127**	₱305,239,664	₱8,905,090

	2020	2019	2018
Revenue	**₱713,085,853**	₱645,749,539	₱–
Expenses	**(371,034,794)**	(423,250,761)	(2,782,927)
Income (loss) before income tax	**342,051,059**	222,498,778	(2,782,927)
Other income - net	**4,265,753**	4,222,207	473,610
Benefit on (provision for) income tax	**(103,232,886)**	(67,582,358)	1,206,221
Total comprehensive income (loss)	**₱243,083,926**	₱159,138,627	(₱1,103,096)

	2020	2019	2018
Cash flows from (used in):			
Operating activities	**(₱645,449,472)**	(₱325,638,441)	(₱104,503,427)
Investing activities	**(61,053,563)**	(50,999,648)	–
Financing activities	**670,735,028**	528,558,251	138,430,255
Net increase (decrease) in cash	**(35,768,007)**	151,920,162	33,926,828
Cash at beginning of year	**186,562,253**	34,642,091	715,263
Cash at end of year	**₱150,794,246**	₱186,562,253	₱34,642,091

KHI

The Group has 40% non-controlling interests in KHI. The net loss of KHI allocated to non-controlling interests amounting to ₱0.1 million in 2020 is distributed based on the capital contribution. The total assets of KHI amounted to ₱554.2 million. Net loss is ₱0.2 million and net cash outflows amounted to ₱11.8 million in 2020.

Advances from Non-controlling Interests

The Group has the following transactions with the non-controlling interests:

	Amount of Transactions		Outstanding Balance	
	2020	2019	**2020**	2019
Advances for Project Development				
Rock & Salt B.V.	**₱165,000,000**	₱125,000,009	**₱676,666,700**	₱511,666,700
HHI	**427,947,235**	632,919,597	**495,919,597**	632,919,597
MEC	**195,000,000**	–	**195,000,000**	–
			₱1,367,586,297	₱1,144,586,297
Interest Expense				
Rock & Salt B.V	**₱18,646,823**	₱19,562,783	**₱66,959,585**	₱48,312,763
MEC	**3,990,574**	–	**3,591,516**	–
			₱70,551,101	₱48,312,763

CLLC obtained from Rock & Salt B.V. 3.5% interest-bearing loans for its real estate projects with outstanding balance of ₱676.7 million and ₱511.7 million and recognized interest expense of ₱12.9 million in 2020, ₱17.1 million in 2019 and ₱11.8 million in 2018, respectively. These are unsecured, unguaranteed, and payable on demand and in cash.

Moreover, SLDC received advances from related parties and expenses paid by related parties on behalf of the SLDC. All outstanding balances are unsecured, noninterest-bearing, and payable on demand and in cash.

On June 1, 2020, the Parent Company assigned 40% of its advances to KHI amounting to ₱195.0 million, in favor of MEC, and bear interest of 3.5% per annum. Interest expense incurred amounted to ₱4.0 million in 2020. These are unsecured, unguaranteed, and payable on demand and in cash.

5. Contract Assets and Contract Liabilities

The Group's contract assets and contract liabilities are as follows:

	2020	2019
Contract assets	**₱5,341,881,039**	₱3,250,482,689
Contract liabilities	**27,423,392**	32,179,674
Net contract assets	**₱5,314,457,647**	₱3,218,303,015

Contract assets pertain to receivables from the sale of condominium and office units and residential townhouses of the Group representing the excess of cumulative revenues from real estate sales over billed amounts. These amounts will be billed and collected in accordance with the agreed payment terms with the buyers, which is normally up to maximum of five years. Increase in contract assets pertains to the additional booked units during the year.

Contract liabilities pertain to downpayments received from the real estate buyers at the inception of the contracts in which the related revenue is not yet recognized as of yearend.

6. Cash and Cash Equivalents

This account consists of:

	2020	2019
Cash on hand	**₱155,000**	₱80,000
Cash in banks	**581,633,212**	344,377,842
Cash equivalents	**359,291,262**	62,756,542
	₱941,079,474	₱407,214,384

Cash in banks earn interest at prevailing bank deposit rates and are immediately available for use in the current operations. Cash equivalents are short-term placements made for varying periods up to three (3) months or less and earn interest at the prevailing short-term investment rates.

Interest income is earned from the following (see Note 20):

	2020	2019	2018
Cash equivalents	**₱5,946,867**	₱8,340,308	₱4,898,195
Cash in banks	**3,432,878**	4,678,550	1,070,232
Investment in time deposits	**–**	470,498	120,479
	₱9,379,745	₱13,489,356	₱6,088,906

7. Financial Assets at FVPL

This account pertains to investments in money market fund. Movements in this account are as follows:

	Note	**2020**	2019
Balance at beginning of year		**₱772,186,717**	₱196,094,319
Additions		**5,114,756,389**	4,542,390,465
Disposals		**(2,641,872,011)**	(3,965,680,485)
Unrealized holding gains (losses)	20	**12,217,775**	(617,582)
Balance at end of year		**₱3,257,288,870**	₱772,186,717

Realized gain on disposals of financial assets at FVPL amounted to ₱19.1 million in 2020, ₱16.8 million in 2019 and ₱14.2 million in 2018 (see Note 20).

The fair value of financial assets at FVPL is classified under Level 1 of the fair value hierarchy using quoted market prices (see Note 28).

8. Receivables

This account consists of:

	Note	**2020**	2019
Trade receivables from:			
Sale of real estate		**₱253,834,678**	₱167,966,505
Leasing	22	**88,911,921**	45,036,252
Accrued rent receivable	22	**89,557,339**	99,004,111
Due from related parties	24	**58,112,709**	53,841,382
Interest receivable		**22,733,591**	3,430,504
Receivable from non-affiliated entity		**11,534,432**	12,172,935
Advances to employees		**10,532,725**	7,971,657
Other receivables		**4,230,664**	632,682
		539,448,059	390,056,028
Allowance for ECL		**(368,292)**	(368,292)
		₱539,079,767	₱389,687,736

Trade receivables from sale of real estate pertain to receivables from sale of condominium units and residential townhouses that were already billed. These receivables are noninterest-bearing and generally collectible in monthly installments over a maximum period of three (3) years. Titles to the units sold under this arrangement are transferred to the buyers only upon full payment of the contract price. Trade receivables from leasing operations are noninterest-bearing, unsecured and collectible within seven (7) days.

Accrued rent receivable pertains to the difference between rental income recognized using straight-line method of accounting and contractual rental payments.

Interest receivable includes accrual of interest from the Group's short-term placements.

Receivable from non-affiliated entity pertains to cash advances to non-affiliated entity, which is unsecured, noninterest-bearing and collectible on demand.

Advances to employees represent salary and other loans granted to employees which are noninterest-bearing in nature and collectible through salary deductions.

Other receivables mainly include other charges and advances which are noninterest-bearing and collectible on demand.

9. Real Estate for Sale

This account consists of:

	2020	2019
Raw land	**₱947,034,368**	₱914,882,768
Assets under construction	**4,820,316,598**	3,510,260,784
Condominium units for development	**1,127,555,573**	984,919,417
	₱6,894,906,539	₱5,410,062,969

Movements of this account follow:

	Note	**2020**	2019	2018
Balance at beginning of year		**₱5,410,062,969**	₱3,412,713,425	₱2,646,731,618
Construction costs incurred		**2,442,340,208**	2,533,671,949	764,212,815
Cost of real estate sold		**(1,549,173,465)**	(2,037,976,792)	(599,734,444)
Capitalized borrowing costs	13	**420,766,163**	159,586,770	68,332,597
Acquisition of:				
Condominium units for development		**138,759,064**	648,371,094	259,078,321
Raw land		**32,151,600**	715,104,601	–
Transfers to investment properties	10	**–**	(22,456,601)	(216,890,959)
Effect of consolidation of Arcosouth		**–**	1,048,523	490,983,477
Balance at end of year		**₱6,894,906,539**	₱5,410,062,969	₱3,412,713,425

Raw Land

Raw land pertains to parcels of land acquired by the Group for future development projects that are intended for sale.

In 2019, the Group purchased a parcel of land with a total area of 2,245 sqm., located in Hipodromo, Cebu City, for ₱673.5 million, excluding transaction costs. The property will be developed into a residential building with condominium units for sale.

In 2019, the Group transferred portion of a parcel of land from "Real estate for sale" account to "Investment properties" account aggregating ₱22.5 million because of the change in the intended use of the property as approved by the BOD (see Note 10).

Assets under Construction

Assets under construction consist of land and development costs of ongoing real estate projects of the Group. As at December 31, 2020 and 2019, this account includes the land and development costs of Cebu Exchange, Savya Financial Center and Sevina Park (see Note 1).

The land and development costs of Cebu Exchange with carrying amount of ₱2,371.6 million and ₱1,951.0 million December 31, 2020 and 2019, respectively, are used as security for the bank loan of CLLC with outstanding balance of ₱2,014.0 million and ₱2,166.7 million as at December 31, 2020 and 2019, respectively (see Note 13).

As at December 31, 2020 and 2019, the carrying amount of land of SLDC amounting to ₱1,434.8 million is used as security for SLDC's bank loans with outstanding balance of ₱1,268.8 million and ₱1,082.7 million as at December 31, 2020 and 2019, respectively (see Note 13).

Condominium Units for Development

Condominium units for development pertain to various condominium units in Makati City acquired by the Group and are intended for future development and for sale.

Borrowing Costs

General and specific borrowings were used to partially finance the Group's ongoing real estate projects. The related borrowing costs amounting to ₱420.8 million in 2020 and ₱159.6 million in 2019 were capitalized as part of real estate for sale. The capitalization rates used to determine general borrowing costs eligible for capitalization ranges from 3.0% to 8.0% in 2020 and 3.0% to 8.58% in 2019 (see Note 13).

NRV of Real Estate for Sale

As at December 31, 2020 and 2019, real estate for sale is stated at cost which is lower than its NRV. There is no allowance for inventory obsolescence as at December 31, 2020 and 2019.

10. **Investment Properties**

This account is consist of the following completed projects, except for raw land:

	2020	2019
ACPT	**₱5,586,840,650**	₱4,676,027,598
Arya Residences:		
Commercial units	**1,194,379,000**	1,194,379,000
Parking slots	**183,222,248**	184,984,000
Raw land:		
UPHI's Laguna and Tagaytay properties	**646,948,931**	603,819,003
Cazneau's retail spaces	**361,039,841**	291,822,498
ALCO's Batangas and Tagaytay properties	**155,885,388**	147,761,482
Courtyard Hall	**186,852,783**	181,206,686
	₱8,315,168,841	₱7,280,000,267

Movements of this account follow:

	Note	**2020**	2019	2018
Balance at beginning of year, at cost		**₱3,497,815,338**	₱3,300,506,608	₱3,984,127,753
Development costs incurred		**80,800,413**	148,183,650	474,788,616
Disposals		**(990,000)**	–	(17,822,000)
Capitalized borrowing costs	13	**–**	26,668,479	104,494,260
Transfers from real estate for sale	9	**–**	22,456,601	216,890,959
Investment property used as settlement of loans payable	20	**–**	–	(1,330,035,528)
Transfer to property and equipment		**–**	–	(131,937,452)
Balance at end of year, at cost		**3,577,625,751**	3,497,815,338	3,300,506,608
Cumulative gain on change in fair value		**4,717,017,509**	3,757,800,121	2,577,075,310
		8,294,643,260	7,255,615,459	5,877,581,918
Unamortized initial direct leasing costs		**20,525,581**	24,384,808	23,932,657
Balance at end of year, at fair value		**₱8,315,168,841**	₱7,280,000,267	₱5,901,514,575

Movements of the cumulative gain on change in fair value are as follows:

	2020	2019	2018
Balance at beginning of year	**₱3,757,800,121**	₱2,577,075,310	₱2,460,158,366
Net gain on change in fair value	**959,989,140**	1,180,724,811	172,819,094
Disposals	**(771,752)**	–	(10,974,033)
Transfers to property and equipment	**–**	–	(44,928,117)
Balance at end of year	**₱4,717,017,509**	₱3,757,800,121	₱2,577,075,310

Movements of the unamortized initial direct leasing costs are as follow:

	2020	2019
Balance at beginning of year	**₱24,384,808**	₱23,932,657
Additions	**2,979,418**	5,863,081
Amortization	**(6,838,645)**	(5,410,930)
Balance at end of year	**₱20,525,581**	₱24,384,808

ACPT

Carrying amount of ACPT includes offices units and parking slots for lease. ACPT is used as collateral for loans payable amounting to ₱1,858.7 million and ₱1,955.6 million as at December 31, 2020 and 2019, respectively (see Note 13).

Arya Residences

Retail units and parking slots in Arya Residences are used for leasing operations.

In 2020, the Group sold parking slots with carrying amount of ₱1.8 million and cost of ₱1.0 million for a total consideration of ₱1.3 million which resulted to a loss on disposal of ₱0.5 million (see Note 20). The Parent Company and MPI sold parking slots with carrying amount of ₱ 28.8 million (₱17.8 million cost) for a total consideration of ₱20.5 million in 2018. This resulted to a loss on disposal amounting to ₱8.3 million in 2018 (see Note 19).

Raw Land

UPHI's raw land, with fair value amounting to ₱646.9 million and ₱603.8 million as at December 31, 2020 and 2019, respectively, has a total area of 33 hectares and are located at Barangay Gonzalo Bontog, Calamba City and Barangay Calabuso, Tagaytay City. Portion of the UPHI's raw land was the subject of an expropriation proceedings filed by the National Power Corporation (NAPOCOR) with the Regional Trial Court of Calamba City, Laguna. The other parties to the case filed their respective appeals with the Court of Appeals (CA) assailing the amount of just compensation determined by the trial court. The appeal remains pending with the CA. Moreover, a complaint for quieting of title was filed by UPHI on October 18, 2010 because of the erroneous issuance of tax declarations by the City of Tagaytay covering UPHI's property located in Calamba City, Laguna. In June 2020, the case was decided by the trial court in favor of UPHI. The losing defendants in the case filed their respective appeals with the CA and UPHI filed its appellee's brief defending the decision of the trial court. The case remains pending with the CA. As at December 31, 2020 and 2019, the case with NAPOCOR is still ongoing and yet to be resolved by the CA. UPHI intends to amicably settle with the National Transmission Commission (NTC, successor-in-interest of NAPOCOR), since UPHI had already been deprived of effective use and enjoyment of the property. Management assessed that although the potential effect of this case on the Group's consolidated financial statements would not be significant, an amicable settlement with the NTC could allow the UPHI to recoup the cost of the property.

Raw land of the Parent Company has a total area of 10.3 hectares located in Batangas and Tagaytay with fair value aggregating ₱155.9 million and ₱147.8 million as at December 31, 2020 and 2019, respectively.

Courtyard Hall

In 2019, Cazneau transferred portion of its land of ₱22.5 million from "Real estate for sale" account to "Investment properties" account due to change of intention in the use of the property as approved by the BOD (see Note 9).

Courtyard Hall of Cazneau used for leasing operations was recognized at fair value amounting to ₱186.9 million and ₱181.2 million as at December 31, 2020 and 2019, respectively.

Leasing Operations

The Group recognized revenue from leasing operations amounting to ₱371.6 million in 2020, ₱321.9 million in 2019 and ₱132.4 million in 2018 (see Note 22) and incurred direct cost of leasing amounting to ₱124.5 million in 2020, ₱100.5 million in 2019 and ₱15.3 million in 2018.

Fair Value Measurement

Details of the valuation techniques used in measuring fair values of investment properties classified under Levels 2 and 3 of the fair value hierarchy are as follows:

			Range	
Class of Property	Valuation Technique	Significant Inputs	**2020**	2019
ACPT	Discounted cash flow (DCF) approach	Discount rate	**8.76%**	8.25%
		Rental rate for an office unit per sqm	**₱1,500**	₱1,500
		Rental rate per slot	**₱6,000**	₱6,500
		Calculated no. of net leasable area (total sqm)	**18,059**	18,059
		Vacancy rate	**0% - 10%**	5% - 10%
Arya Residences:				
Commercial units	DCF approach	Rental rate per sqm	**₱3,000**	₱3,000
		Rent escalation rate per annum (p.a.)	**7%**	7%
		Discount rate	**8.74%**	8.74%
		Vacancy rate	**2%**	2%
Parking slots	DCF approach	Rental rate per slot	**₱6,500**	₱6,500
		Rent escalation rate p.a.	**7%**	7%
		Discount rate	**8.74%**	8.74%
		Vacancy rate	**2%**	2%
Raw land:				
UPHI's Laguna and Tagaytay properties	Market data approach	Price per sqm	**₱1,950**	₱1,820
		Value adjustments	**10% - 15%**	5% - 10%
Cazneau's Laguna properties	Market data approach	Price per sqm	**₱11,300**	₱11,300
		Value adjustments	**0% - 10%**	0% - 10%
ALCO's Batangas and Tagaytay properties	Market data approach	Price per sqm	**₱1,420**	₱1,350
		Value adjustments	**5% - 10%**	5% - 15%
Courtyard Hall	Depreciated replacement cost method	Estimated replacement cost	**₱143,117,000**	₱143,117,000
		Remaining economic life	**38 years**	38 years

The description of the valuation techniques and inputs used in the fair value measurement are as follows:

Discounted Cash Flow Approach

Under the DCF approach, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's estimated useful life including an exit or terminal value. As an accepted method within the income approach to valuation, the DCF approach involves the projection of a series of cash flows on a real property interest. An appropriate, market-derived discount rate is applied to projected cash flow series to establish the present value of the income stream associated with the investment property.

Periodic cash flows of investment properties are typically estimated as gross income less vacancy and operating expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

The frequency of inflows and outflows are contract and market-derived. The DCF approach assumes that cash outflows occur in the same period that expenses are recorded.

Sensitivity Analysis. Generally, significant increases (decreases) in rental rate per sqm or per slot and rent escalation rate p.a. in isolation would result in a significantly higher (lower) fair value measurement. Significant increases (decreases) in discount rate and vacancy rate in isolation would result in a significantly lower (higher) fair value measurement.

Market Data Approach
Market data approach involves the comparison of the UPHI's Laguna and Tagaytay properties, Cazneau's Laguna properties and ALCO's Batangas and Tagaytay properties to those that are more or less located within the vicinity of the appraised properties and are subject of recent sales and offerings. Adjustments were made to arrive at the market value by considering the location, size, shape, utility, desirability and time element.

The inputs to fair valuation are as follows:

- *Price per sqm* - estimated value prevailing in the real estate market depending on the location, area, shape and time element.

- *Value adjustments* - adjustments are made to bring the comparative values in approximation to the investment property taking into account the location, size and architectural features among others.

Depreciated Replacement Cost Method
Depreciated replacement cost method is used to estimate valuation of dormitory by computing for the replacement cost of the assets and applying appropriate adjustments for physical deterioration and functional and economic obsolescence.

The reconciliation of the balances of investments properties classified according to level in the fair value hierarchy is as follows:

		2020		
	Note	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Balance at beginning of year		**₱1,224,609,670**	**₱6,055,390,597**	**₱7,280,000,267**
Net gain on change in fair value		**51,253,834**	**908,735,306**	**959,989,140**
Construction costs incurred		**–**	**80,800,413**	**80,800,413**
Initial direct leasing costs		**–**	**(3,859,227)**	**(3,859,227)**
Disposals		**–**	**(1,761,752)**	**(1,761,752)**
Balance at end of year		**₱1,275,863,504**	**₱7,039,305,337**	**₱8,315,168,841**

		2019		
	Note	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Balance at beginning of year		₱1,083,731,309	₱4,817,783,266	₱5,901,514,575
Net gain on change in fair value		140,878,361	1,039,846,450	1,180,724,811
Construction costs incurred		–	148,183,650	148,183,650
Capitalized borrowing costs	13	–	26,668,479	26,668,479
Transfers		–	22,456,601	22,456,601
Initial direct leasing costs		–	452,151	452,151
Balance at end of year		₱1,224,609,670	₱6,055,390,597	₱7,280,000,267

There are no transfers between the levels of fair value hierarchy in 2020 and 2019.

11. Property and Equipment

The balances and movements of this account consist of:

	2020					
	Building and Building Improvements	**Transportation Equipment**	**Office Equipment**	**Furniture and Fixtures**	**Leasehold Improvements**	**Total**
Cost						
Balance at beginning of year	**₱236,920,371**	**₱66,811,178**	**₱57,040,879**	**₱15,255,826**	**₱78,500**	**₱376,106,754**
Additions	**8,633,055**	**20,376,945**	**4,822,243**	**10,016,958**	**–**	**43,849,201**
Disposals	**–**	**(5,303,543)**	**–**	**–**	**–**	**(5,303,543)**
Balance at end of year	**245,553,426**	**81,884,580**	**61,863,122**	**25,272,784**	**78,500**	**414,652,412**
Accumulated Depreciation and Amortization						
Balance at beginning of year	**7,367,916**	**27,905,539**	**43,469,345**	**14,785,891**	**28,348**	**93,557,039**
Depreciation and amortization	**23,633,570**	**14,829,025**	**4,765,601**	**1,918,354**	**26,167**	**45,172,717**
Disposals	**–**	**(4,269,823)**	**–**	**–**	**–**	**(4,269,823)**
Balance at end of year	**31,001,486**	**38,464,741**	**48,234,946**	**16,704,245**	**54,515**	**134,459,933**
Carrying Amount	**₱214,551,940**	**₱43,419,839**	**₱13,628,176**	**₱8,568,539**	**₱23,985**	**₱280,192,479**

	2019						
	Building and Building Improvements	Transportation Equipment	Office Equipment	Furniture and Fixtures	Leasehold Improvements	Construction in Progress	Total
Cost							
Balance at beginning of year	₱26,917,349	₱54,833,018	₱49,932,812	₱8,790,764	₱78,500	₱177,062,444	₱317,614,887
Additions	32,940,578	25,382,624	7,160,880	6,465,062	–	–	71,949,144
Disposals	–	(13,404,464)	(52,813)	–	–	–	(13,457,277)
Reclassification	177,062,444	–	–	–	–	(177,062,444)	–
Balance at end of year	236,920,371	66,811,178	57,040,879	15,255,826	78,500	–	376,106,754
Accumulated Depreciation and Amortization							
Balance at beginning of year	4,256,821	28,199,886	39,820,930	7,882,114	2,181	–	80,161,932
Depreciation and amortization	3,111,095	13,017,905	3,663,085	6,903,777	26,167	–	26,722,029
Disposals	–	(13,312,252)	(14,670)	–	–	–	(13,326,922)
Balance at end of year	7,367,916	27,905,539	43,469,345	14,785,891	28,348	–	93,557,039
Carrying Amount	₱229,552,455	₱38,905,639	₱13,571,534	₱469,935	₱50,152	₱–	₱282,549,715

As at December 31, 2020 and 2019, fully depreciated property and equipment that are still being used by the Group amounted to ₱16.2 million and ₱14.5 million, respectively.

The Parent Company sold property and equipment with carrying amount of ₱1.0 million in 2020, ₱0.1 million in 2019 and ₱0.6 million in 2018 which resulted to loss on disposal of ₱73,601 in 2020 and gain on disposal of ₱0.3 million in 2019 (see Note 20).

Depreciation expense was charged to:

	Note	**2020**	2019	2018
Operating expenses	18	**₱42,966,008**	₱26,722,029	₱15,449,610
Cost of services		**2,206,709**	–	–
		₱45,172,717	₱26,722,029	₱15,449,610

12. **Other Assets**

This account consists of:

	2020	2019
Input VAT	**₱588,339,255**	₱401,576,866
Advances for project development	**560,825,051**	630,789,051
CWT	**383,145,049**	338,105,363
Prepaid:		
Commissions	**96,577,893**	79,836,952
Interest	**48,929,943**	–
Taxes	**48,626,196**	55,663,293
Insurance	**3,867,239**	3,106,123
Debt issuance cost	**1,338,813**	5,625,000
Others	**2,933,199**	15,622,152
Advances for asset purchase	**90,000,000**	–
Amounts held in escrow	**85,052,814**	85,402,876
Deposits	**56,072,105**	62,270,945
Deferred input VAT	**10,556,594**	4,129,087
Materials and supplies	**1,341,909**	1,519,807
	₱1,977,606,060	₱1,683,647,515

Advances for project development pertain to downpayments made to contractors for the construction of the Group's real estate projects. These advances are applied against contractors' progress billings.

Prepaid commissions pertain to the commission costs incurred to obtain contracts with customer. Amortization of commissions amounted to ₱176.5 million in 2020 and ₱126.5 million in 2019.

Advances for asset purchase pertain to advance payment made to a seller of land to be acquired by the Group.

Amounts held in escrow represents the debt service account required under an existing loan with a certain bank. Details of amounts held in escrow, which is equivalent to a quarterly principal and interest amortization is as follows (see Note 13):

	2020	2019
OLSA	**₱54,468,483**	₱55,266,376
MTL	**30,584,331**	30,136,500
	₱85,052,814	₱85,402,876

Deposits pertain to utility deposits, deposits for professional services, and guarantee deposits for the construction of the Group's real estate projects. Deposits are settled upon completion of the documentary requirements.

Materials and supplies are the excess construction materials and supplies from the construction of completed real estate projects.

13. Loans Payable

This account consists of outstanding loans with:

	2020	2019
Local banks	**₱9,220,969,353**	₱6,840,657,776
Private funders	**84,723,970**	84,723,970
	₱9,305,693,323	₱6,925,381,746

Movements of this account follow:

	2020	2019
Balance at beginning of year	**₱6,955,178,236**	₱4,197,257,971
Availments	**5,342,426,370**	3,486,252,129
Payments	**(2,958,344,266)**	(728,331,864)
Balance at end of year	**9,339,260,340**	6,955,178,236
Unamortized debt issue cost	**(33,567,017)**	(29,796,490)
	9,305,693,323	6,925,381,746
Less current portion of loans payable	**4,225,205,340**	2,448,042,005
Long term portion of loans payable	**₱5,080,487,983**	₱4,477,339,741

Movements in debt issue cost are as follows:

	2020	2019
Balance at beginning of year	**₱29,796,490**	₱27,281,869
Additions	**14,512,336**	6,168,013
Amortization	**(10,741,809)**	(3,653,392)
Balance at end of year	**₱33,567,017**	₱29,796,490

Future repayment of the outstanding principal amounts of loans payable is as follows:

	2020	2019
Within one year	**₱4,225,205,340**	₱2,448,042,005
After one year but not more than three years	**2,247,939,200**	2,493,169,370
More than three years	**2,866,115,800**	2,013,966,861
	₱9,339,260,340	₱6,955,178,236

Local Bank Loans

These are loans from local banks which are interest-bearing and secured loans obtained to finance the Group's working capital requirements, project development and acquisition of properties. These loans have interest rates ranging from 5.00% to 8.00% p.a. in 2020 and 5.12% to 8.58% p.a. in 2019.

Details of outstanding local bank loans as at December 31 follow:

Purpose	Terms and Security	Effective interest rate (p.a.)	**2020**	2019
Construction of Cebu Exchange	Payable on a quarterly basis after two years from the date of initial drawdown until April 14, 2022; secured by the Cebu Exchange property with carrying amount of ₱2,371.6 million and ₱1,951.0 million as at December 31, 2020 and 2019, respectively (see Note 9).	5.77%	**₱2,014,000,000**	₱2,166,666,000
Short-term loans for construction of Cebu Exchange	Unsecured and payable in full within one year	5.00% to 8.00%	**1,865,481,370**	385,728,189
Construction of ACPT	Payable on a quarterly basis starting 4th quarter of 2020 until July 2025; secured by ACPT building with carrying amount of ₱5,586.8 million and ₱4,676.0 million as at December 31, 2020 and 2019, respectively (see Note 10), and an escrow account amounting to ₱54.5 million and ₱55.3 million as at December 31, 2020 and 2019, respectively (see Note 12).	5.50%	**1,858,666,538**	1,955,607,089
Acquisition of land and construction of Savya Financial Center	Payable on a quarterly basis within three years from the date of initial drawdown until August 29, 2023; secured by unregistered real estate mortgage over raw land of SLDC with carrying amount of ₱1,434.8 million as at December 31, 2020 and 2019 (see Note 9) and an escrow account of ₱30.6 million and ₱30.1 million as at December 31, 2020 and 2019, respectively (see Note 12).	7.15%	**1,268,778,150**	1,082,656,498
Short-term loans for working fund requirements	Unsecured and payable in full within one year	5.00% to 7.00%	**1,225,000,000**	1,250,000,000
Development of Green Projects	Unsecured and payable in full on February 6, 2025	6.35%	**989,043,295**	–
			₱9,220,969,353	₱6,840,657,776

Construction of Cebu Exchange

In 2017, CLLC entered into an OLSA for a credit line of ₱2,350.0 million with a local bank, to partially finance the development and construction of Cebu Exchange. Loan proceeds were received in several drawdowns within a period of three years after initial drawdown. The outstanding loan balance is secured by Cebu Exchange property and pledge of shares of ALCO and a non-controlling interest in CLLC (see Note 9).

Construction of ACPT

In 2015, the Parent Company entered into an OLSA for a credit line of ₱2,000.0 million, to partially finance the cost of construction and development of the ACPT. The outstanding loan balance is secured by the ACPT building and a security trust agreement covering the maintenance of revenue and operating accounts, project receivables and project agreements. ALCO is required to maintain the following financial ratios based on its separate financial statements:

- Debt service coverage ratio of not more than 1.20x starting 2020 which is one year after the completion of ACPT

- Debt to equity ratio of:

Period	Debt to Equity Ratio
2015	2.00x
2016 to 2018	1.75x
2019 to 2025	1.50x

The debt to equity ratio of ALCO as at December 31, 2019 based on its separate financial statements is 1.12x which is compliant with the requirements of the OLSA.

As at December 31, 2020, the local bank amended the financial covenants of the OLSA, removing the DSCR requirement and changing it to be current ratio of at least 1.50x and a debt to equity ratio of not more than 2.00x based on the consolidated financial statements of the Group. ALCO has current ratio of 2.24x and debt to equity ratio of 1.33x, based on its consolidated financial statements, which is compliant with the amended financial covenants.

Acquisition of land and construction of Savya Financial Center
In 2018, SLDC entered into a MTL for a credit line of ₱1,440.0 million with a local bank, to partially finance the acquisition and development of its land in Taguig City and to repay advances from shareholders. This loan facility is secured by an unregistered real estate mortgage over a parcel of raw land of SLDC, corporate continuing suretyship of ALCO until the completion of construction of Savya Financial Tower 1 and 100% sale of units therein, and deposits in an escrow account (see Note 12).

Development of Green Projects
On February 14, 2020, ALCO entered into a term loan agreement of ₱1,000.0 million with a local bank to obtain financing for the Group's eligible green projects, including land banking, investments and refinancing in relation to eligible green projects. A drawdown of ₱1,000.0 million was made within the same year. ALCO is required to submit a regular disbursement report to the bank soon after the date the proceeds was utilized to confirm that the proceeds has been used for the eligible green projects.

Private Funders
Outstanding balances of the loans from private funders amounting to ₱84.7 million as at December 31, 2020 and 2019 have interest rate of 3.50% p.a., are unsecured and are for working capital requirements of the Group.

Capitalized Borrowing Costs
Borrowing costs capitalized are as follows:

	Note	**2020**	2019	2018
Loans payable		**₱347,998,404**	₱186,255,249	₱172,826,857
Bonds payable	14	**72,767,759**	–	–
		₱420,766,163	₱186,255,249	₱172,826,857

The above is distributed as follows:

	Note	**2020**	2019	2018
Real estate for sale	9	**₱420,766,163**	₱159,586,770	₱68,332,597
Investment properties	10	**–**	26,668,479	104,494,260
		₱420,766,163	₱186,255,249	₱172,826,857

The capitalization rates used to determine general borrowing costs eligible for capitalization ranges from 3.0% to 8.0% in 2020 and 3.0% to 8.58% in 2019.

Interest Expense

Total interest expense charged under "Finance costs" consists of the following (see Note 19):

	Note	**2020**	2019	2018
Interest expense on:				
Loans payable and advances from non-controlling interests		**₱169,908,411**	₱124,339,961	₱21,785,948
Bonds payable	14	**108,990,151**	–	–
Amortization of "Day 1" gain on loan discounting		**–**	–	51,086,712
		₱278,898,562	₱124,339,961	₱72,872,660

14. Bonds Payable

As at December 31, 2020, this account consists of:

Bonds payable	**₱3,000,000,000**
Unamortized debt issue cost	**(41,473,302)**
	₱2,958,526,698

Movement in debt issue cost in 2020 is as follows:

Balance at beginning of year	**₱–**
Additions	**50,676,693**
Amortization	**(9,203,391)**
Balance at end of year	**₱41,473,302**

In October 2019, the BOD of ALCO approved the filing of a registration statement for the shelf registration of ₱6.0 billion fixed rate ASEAN Green Bonds (the "Bonds") and the initial tranche of ₱2.0 billion bonds, with an oversubscription option of up to ₱1.0 billion.

In January 2020, the SEC approved the registration of the Bonds and the issuance of the initial tranche of the Bonds. On February 6, 2020, ALCO issued the initial tranche of the Bonds amounting to ₱2.0 billion with an oversubscription of ₱1.0 billion. It has a term ending five years from the issue date or on February 6, 2025, with a fixed interest rate of 6.35% p.a. and an early redemption option on the 3rd and 4th year from issue date. The proceeds of the initial tranche is for the development of eligible green projects and payment of certain outstanding loans of the Group.

The Group is required to maintain debt to equity ratio of not more than 2.00x and current ratio of at least 1.50x based on the consolidated financial statements. As at December 31, 2020, the Group is compliant with these financial ratios.

Capitalized borrowing costs and interest expense incurred on the Bonds amounted to ₱72.8 million and ₱109.0 million, respectively, in 2020 (see Note 13).

15. **Accounts Payable and Other Liabilities**

This account consists of:

	Note	**2020**	2019
Accounts payable:			
Third parties		**₱208,485,207**	₱402,260,832
Related party	24	**3,458,920**	3,044,200
Deferred output VAT		**885,587,128**	743,384,411
Accrued:			
Construction costs		**821,587,745**	348,197,534
Interest		**147,587,776**	88,149,254
Personnel costs		**24,234,892**	24,200,544
Others		**42,619,260**	124,232,308
Retention payable		**392,975,986**	405,458,152
Payable to customers		**77,783,371**	113,447,252
Security deposits	22	**81,124,014**	66,001,748
Advance rent	22	**36,183,597**	73,792,077
Construction bonds		**29,108,948**	35,492,392
Withholding taxes payable		**26,663,745**	21,507,169
Income tax payable		**3,240,094**	24,888,011
Dividend payable		**5,559,031**	5,943,585
Others		**6,744,247**	8,917,408
		₱2,792,943,961	₱2,488,916,877

Accounts payable, which are unsecured, noninterest-bearing and are normally settled within 30 days to one (1) year, consist mainly of liabilities to contractors and suppliers.

Deferred output VAT pertains to VAT from sales of property on installments and receivables from leasing operations. If the payments in the year of sale do not exceed twenty-five percent (25%) of the gross selling price, the sale will be considered under installment, in which case VAT will be paid based on collections.

Accrued expenses are expected to be settled within the next 12 months. Other accrued expenses pertain to management and professional fees, utilities, commissions, advertising and other expenses.

Retention payable, which will be released after completion and satisfaction of the terms and conditions of the construction contract, pertains to amount retained by the Group from the contractors' progress billings for the real estate projects of the Group.

Payable to customers include reservation fees and collections received from prospective lessees or buyers, which are and to be applied as security deposits upon execution of lease contracts or against the total contract price of the real estate sale.

Advance rent pertains to the payments made in advance by the tenants to be applied to their rent payable in the immediately succeeding months or in the last three (3) months of the lease term.

Security deposits pertain to the deposits made by the lessees of the ACPT, Arya commercial units, and dormitory units which are refundable upon termination of the lease less any unsettled balances.

Construction bonds represent noninterest-bearing deposits made by the lessees before the start of its construction in the ACPT and refundable upon fulfillment of contract provisions.

Other payables pertain to liabilities to SSS, PhilHealth and HDMF.

16. Equity

The details of the Parent Company's number of common and preferred shares follow:

	2020		2019		2018	
	Preferred	**Common**	Preferred	Common	Preferred	Common
Authorized	**50,000,000**	**16,368,095,199**	50,000,000	16,368,095,199	50,000,000	16,368,095,199
Par value per share	**₱1.00**	**₱0.18**	₱1.00	₱0.18	₱1.00	₱0.18
Issued and outstanding	**42,500,000**	**5,318,095,199**	42,500,000	5,318,095,199	32,500,000	5,318,095,199

Preferred Shares

The rollforward analysis of the outstanding preferred shares is as follows:

	2020		2019		2018	
	Number of shares	**Amount**	Number of shares	Amount	Number of shares	Amount
Issued and outstanding						
Balance at beginning of year	**42,500,000**	**₱42,500,000**	32,500,000	₱32,500,000	32,500,000	₱32,500,000
Issuance during the year	**–**	**–**	10,000,000	10,000,000	–	–
Balance at end of year	**42,500,000**	**42,500,000**	42,500,000	42,500,000	32,500,000	32,500,000
Parent Company's shares held by a subsidiary	**(12,500,000)**	**(12,500,000)**	(12,500,000)	(12,500,000)	(12,500,000)	(12,500,000)
	30,000,000	**₱30,000,000**	30,000,000	₱30,000,000	20,000,000	₱20,000,000

In June 2019, the Company made a follow-on offering of 10.0 million cumulative, nonvoting, nonparticipating and nonconvertible Peso-denominated preferred shares (the "Series C Preferred Shares with ₱1.00 par value a share at the issuance price of ₱100 a share. Excess of the proceeds over the total par value amounting to ₱990.0 million and transactions costs of ₱12.5 million was recognized as additional and reduction to additional paid-in capital, respectively.

In 2016, ALCO issued 12.5 million cumulative, nonvoting, nonparticipating and nonconvertible Peso-denominated preferred shares (the "Series A Preferred Shares") with ₱1.00 par value a share to MPI. Also in 2016, the Company made a follow-on offering of 20.0 million cumulative, nonvoting, nonparticipating, and nonconvertible Peso-denominated preferred shares (the "Series B preferred shares") with ₱1.00 par value a share at the issuance price of ₱100 a share.

Common Shares

As at December 31, 2020 and 2019, the Parent Company has issued and outstanding common shares of 5,318,095,199 with par value of ₱0.18 amounting to ₱957.3 million.

The details and movement of the shares listed with PSE follows:

Date of SEC Approval	Type of Issuance	No. of Shares Issued	Issue/Offer Price
1996	Initial public offering	351,000,000	₱1.00
1998	Payment of subscription	256,203,748	1.00
1999	Stock dividends	410,891,451	1.00
2009	Payment of subscription	628,770,000	0.20
2010	Payment of subscription	100,000,000	0.20
2011	Payment of subscription	2,200,000,000	0.20
2016	Public offering of Series "B" preferred shares	20,000,000	100
2019	Public offering of Series "C" preferred shares	10,000,000	100

The Parent Company has 1,939 and 1,943 stockholders as at December 31, 2020 and 2019, respectively.

Dividend Declaration

The Parent Company's BOD and stockholders approved the following cash dividends to preferred and common stockholders:

Declaration Date	Stockholders of Record Date	Payment Date	Share	Amount	Dividend per Share
October 21, 2020	December 4, 2020	December 27, 2020	Series C preferred shares	₱17,319,000	₱1.732
October 21, 2020	November 13, 2020	December 6, 2020	Series B preferred shares	35,229,000	1.761
August 5, 2020	September 4, 2020	September 27, 2020	Series C preferred shares	17,319,000	1.732
August 5, 2020	August 19, 2020	September 6, 2020	Series B preferred shares	35,229,000	1.761
June 26, 2020	July 10, 2020	July 31, 2020	Common shares	63,817,142	0.012
May 6, 2020	June 4, 2020	June 27, 2020	Series C preferred shares	17,319,000	1.732
May 6, 2020	May 21, 2020	June 6, 2020	Series B preferred shares	35,229,000	1.761
January 29, 2020	March 6, 2020	March 27, 2020	Series C preferred shares	17,319,000	1.732
January 29, 2020	February 14, 2020	March 6, 2020	Series B preferred shares	35,229,000	1.761
				₱274,009,142	

Declaration Date	Stockholders of Record Date	Payment Date	Share	Amount	Dividend per Share
October 23, 2019	November 29, 2019	December 27, 2019	Series C preferred shares	₱17,319,000	₱1.732
October 23, 2019	November 15, 2019	December 6, 2019	Series B preferred shares	35,229,000	1.761
August 7, 2019	September 6, 2019	September 27, 2019	Series C preferred shares	17,319,000	1.732
August 7, 2019	August 22, 2019	September 6, 2019	Series B preferred shares	35,229,000	1.761
June 21, 2019	July 8, 2019	July 31, 2019	Common shares	63,817,142	0.012
May 8, 2019	May 22, 2019	June 6, 2019	Series B preferred shares	35,229,000	1.761
February 21, 2019	March 1, 2019	March 6, 2019	Series B preferred shares	35,229,000	1.761
				₱239,371,142	

Declaration Date	Stockholders of Record Date	Payment Date	Share	Amount	Dividend per Share
October 25, 2018	November 12, 2018	December 6, 2018	Series B preferred shares	₱35,229,000	₱1.761
August 1, 2018	August 16, 2018	September 6, 2018	Series B preferred shares	35,229,000	1.761
May 9, 2018	May 23, 2018	June 6, 2018	Series B preferred shares	35,229,000	1.761
March 21, 2018	April 6, 2018	May 2, 2018	Common shares	63,817,142	0.012
January 10, 2018	February 9, 2018	March 6, 2018	Series B preferred shares	35,229,000	1.761
				₱204,733,142	

Other Equity Reserves
This account consists of:

	Note	2020	2019	2018
Effect of change in the Parent Company's ownership interest in a subsidiary		**₱229,500,000**	₱–	₱–
Stock options outstanding		**6,485,553**	–	–
Cumulative remeasurement gain (losses) on net retirement liability - net of tax	21	**(5,622,407)**	(207,724)	18,169,495
		₱230,363,146	(₱207,724)	₱18,169,495

Movements of this account is as follows:

	Note	2020	2019	2018
Balance at beginning of year		**(₱207,724)**	₱18,169,495	₱7,448,391
Excess of proceeds over the cost of disposed interest in a subsidiary		**229,500,000**	–	–
Stock options granted	18	**6,485,553**	–	–
Remeasurement gain (loss) on net retirement liability - net of tax	21	**(5,414,683)**	(18,377,219)	10,721,104
		₱230,363,146	(₱207,724)	₱18,169,495

Effect of Change in the Parent Company's Ownership Interest in a Subsidiary
Excess of proceeds over the cost of disposed interest in a subsidiary pertains to the difference between the amount received by ALCO of ₱275.0 million, net of transaction costs and taxes of ₱40.5 million, for the sale of 40% of KHI's shares sold to MEC (see Note 1).

Stock Options Outstanding
On October 16, 2009, the stockholders approved the 2009 ALCO Stock Option Plan with the objective of providing material incentive to qualified employees of the Group. The total amount of shares which are available and may be issued for this purpose will amount to 10% of ALCO's total outstanding capital stock at any given time. The period during which a Qualified Employee may exercise the option to purchase such number of common shares granted to him/her will be three (3) years commencing after he or she has rendered the mandatory one year service to the Corporation in accordance with the following schedule:

i. Within the first 12 months from grant date - up to 33.33%
ii. Within the 13th to the 24th month from grant date - up to 33.33%
iii. Within the 25th to 36th month from grant date - up to 33.33%

On December 14, 2018, the BOD approved granting options equivalent to not more than 90.0 million common shares to its qualified employees. On June 26, 2020, the number of options granted and issued to qualified employees amounted to ₱55.4 million shares. The total fair value of stock options granted amounted to ₱6.5 million. The fair values of stock options granted are estimated on the date of grant using the Black-Scholes Merton (BSM) Formula taking into the account the terms and conditions upon which the options were granted. The BSM Formula utilized inputs namely; market value of the share, time to maturity, dividend yield, and risk free rate.

Fair value of each option at grant date is ₱0.14. Assumptions used to determine the fair value of the stock options are as follow:

Weighted average share price	₱0.65
Exercise price	₱0.50
Expected volatility	2.40%
Dividend yield	1.32%
Risk-free interest rate	1.35%

As at December 31, 2020, none of the qualified employees have exercised their options.

Use of Proceeds

Preferred Shares Series B
The estimated gross proceeds from the offer of Series B preferred shares amounted to ₱1,971.8 million. The actual net proceeds from the offer of the shares, after deducting the related expenses to the offer, amounted to ₱1,972.9 million. The following table shows the breakdown of the use of the proceeds (amounts in millions):

Purpose	Per Offer Supplement	Actual Net Proceeds	Actual Disbursement as at 12/31/2020	Balance for Disbursement as at December 31, 2020
South of Metro Manila Project	₱822.4	₱822.4	₱822.4	₱–
Makati CBD Residential Project	371.6	371.6	371.6	–
Binan Laguna Project	331.9	331.9	314.1	17.8
Partial repayment of loans	330.0	330.0	330.0	–
General corporate purposes	62.3	63.4	63.4	–
Cebu Exchange Project	53.6	53.6	53.6	–
	₱1,971.8	₱1,972.9	₱1,955.1	₱17.8

Preferred Shares Series C
The estimated net proceeds from the offer of Series C preferred shares amounted to ₱984.1 million. The actual net proceeds from the offer of the shares, after deducting the related expenses to the offer, amounted to ₱985.3 million.

The following table shows the breakdown of the use of the proceeds (amounts in millions):

Purpose	Per Offer Supplement	Actual Net Proceeds	Actual Disbursement as at 12/31/2020	Balance for Disbursement as at December 31, 2020
Cebu Residential Project	₱300.0	₱300.0	₱300.0	₱–
Makati CBD Residential Project 2	530.0	530.0	530.0	–
General corporate purpose	154.1	155.3	155.3	–
	₱984.1	₱985.3	₱985.3	₱–

17. Revenues

The Group's revenues are as follows:

	Note	2020	2019	2018
Real estate sales of:				
Cebu Exchange		**₱2,126,330,823**	₱2,870,054,489	₱844,954,726
Savya Financial Center		**713,085,853**	645,749,539	–
Sevina Park		**79,707,222**	–	–
Arya Residences		**–**	–	147,639,118
		2,919,123,898	3,515,804,028	992,593,844
Leasing revenue	22	**371,576,866**	321,918,256	132,436,268
Property management fees		**10,852,292**	10,135,140	7,439,974
		₱3,301,553,056	₱3,847,857,424	₱1,132,470,086

Leasing revenue pertains to rent income and CUSA earned from various lease contracts of the Parent Company in ACPT, commercial units of MPI in Arya Residences and dormitory units in Courtyard Hall, in which rent income is recognized on a straight-line basis under PAS 17, *Lease*s.

Property management fees pertain to services rendered by EPMI to the Arya Residences Condominium Corporation. The service contract has a term of seven (7) years commencing on December 1, 2014 for the management and maintenance of all common areas of Arya Residences.

18. Operating Expenses

Operating expenses are classified as follows:

	2020	2019	2018
Administrative	**₱417,716,339**	₱409,806,713	₱325,187,083
Selling and marketing	**262,506,092**	256,010,229	72,423,411
	₱680,222,431	₱665,816,942	₱397,610,494

Details of operating expenses by nature are as follows:

	Note	2020	2019	2018
Personnel costs		**₱198,294,314**	₱191,303,427	₱176,647,311
Commissions		**183,356,373**	131,899,678	27,157,093
Advertising		**79,149,719**	124,110,551	45,266,318
Management and professional fees		**46,042,592**	64,516,070	31,867,665
Depreciation and amortization	11	**42,966,008**	26,722,029	15,449,610
Taxes and licenses		**41,876,882**	30,047,582	17,671,357
Communication and office expenses		**24,899,585**	29,116,455	20,057,547
Transportation and travel		**17,880,159**	24,498,653	18,787,861
Insurance		**15,268,232**	15,788,365	12,886,192
Utilities		**4,038,002**	5,002,052	8,315,942
Repairs and maintenance		**3,550,213**	12,799,877	2,792,489
Rent	22	**2,976,306**	1,659,167	14,498,091
Representation		**2,910,588**	1,377,793	672,727
Others		**17,013,458**	6,975,243	5,540,291
		₱680,222,431	₱665,816,942	₱397,610,494

Personnel costs consist of:

	Note	**2020**	2019	2018
Salaries and other employee benefits		**₱167,928,064**	₱168,761,466	₱140,910,996
Retirement expense	21	**23,880,697**	22,541,961	35,736,315
Stock options granted	16	**6,485,553**	–	–
		₱198,294,314	₱191,303,427	₱176,647,311

19. Finance Costs

This account consists of:

	Note	**2020**	2019	2018
Interest expense	13, 14	**₱278,898,562**	₱124,339,961	₱72,872,660
Bank charges		**2,285,398**	499,643	774,628
		₱281,183,960	₱124,839,604	₱73,647,288

20. Other Income - Net

This account consists of:

	Note	**2020**	2019	2018
Realized gain on disposals of financial assets at FVPL	7	**₱19,071,132**	₱16,784,004	₱14,190,431
Unrealized holding gains (losses) on financial assets at FVPL	7	**12,217,775**	(617,582)	(6,385,529)
Interest income	6	**9,379,745**	13,489,356	6,088,906
Loss on sale of investment properties		**(461,752)**	–	(8,334,033)
Gain (loss) on disposal of property and equipment	11	**(73,601)**	322,744	–
Foreign exchange gains (losses)		**(8,843)**	(605,121)	906,754
Gain on settlement of loans payable		**–**	–	319,553,431
Others		**2,115,747**	1,733,278	13,100,733
		₱42,240,203	₱31,106,679	₱339,120,693

In 2018, loans payable to Centrobless and SOPI with carrying amounts aggregating ₱1,847.5 million were settled in exchange for ACPT office units and parking slots with cost aggregating ₱1,330.0 million. Accordingly, the cumulative gain on change in fair value on these ACPT office units and parking slots amounting to ₱402.7 million was reversed. This resulted in a gain on settlement of loans payable aggregating ₱319.6 million in 2018.

21. **Net Retirement Liability**

The Parent Company has a funded and non-contributory defined benefit retirement plan covering all of its qualified employees. The retirement benefits are based on years of service and compensation on the last year of employment as determined by an independent actuary. The normal retirement age is 60 with a minimum of five years of credited service. The plan also provides for an early retirement at age 50 with minimum of five years of credited service or late retirement after age 60, both subject to the approval of the Company's BOD.

The plan is exposed to interest rate risks and changes in the life expectancy of qualified employees. The plan is not exposed to significant concentrations of risk on the plan assets.

There are no unusual or significant risks to which the retirement liability exposes the Parent Company. However, in the event a benefit claim arises under the retirement liability, the benefit shall immediately be due and payable from the Parent Company.

The following tables summarize the components of retirement benefit costs recognized in the consolidated statements of comprehensive income (based on the report of an independent actuary dated January 8, 2021:

Details of retirement expense is as follows (see Note 18):

	2020	2019	2018
Current service cost	**₱18,666,937**	₱18,130,347	₱7,879,934
Net interest cost	**5,213,760**	4,411,614	2,033,107
Past service cost	**–**	–	25,823,274
	₱23,880,697	₱22,541,961	₱35,736,315

In 2018, the new retirement plan provides a retirement benefit ranging from 100% to 150% of salary for every year of credit service. Accordingly, this plan amendment changed the benefits payable under the plan, which resulted in the recognition of past service cost.

The movements of net retirement liability recognized in the consolidated statements of financial position are as follows:

	2020	2019	2018
Balance at beginning of year	**₱99,880,460**	₱66,088,998	₱50,668,546
Current service cost	**18,666,937**	18,130,347	7,879,934
Net interest cost	**5,213,760**	4,411,614	2,033,107
Past service cost	**–**	–	25,823,274
Contribution to retirement plan assets	**(30,000,000)**	(15,003,669)	(5,000,000)
Remeasurement loss (gains) on:			
Change in financial assumptions	**4,427,055**	30,887,077	(9,240,813)
Experience adjustments	**2,813,918**	(5,262,217)	(6,066,417)
Return on plan assets	**494,288**	628,310	(8,633)
Balance at end of year	**₱101,496,418**	₱99,880,460	₱66,088,998

The funded status and amounts recognized in the consolidated statements of financial position for the net retirement liability as at December 31, 2020 and 2019 are as follows:

	2020	2019
Present value of retirement liability	**₱152,389,179**	₱120,206,490
Fair value of plan assets	**(50,892,761)**	(20,326,030)
	₱101,496,418	₱99,880,460

As of December 31, 2020, the plan is underfunded by ₱101.5 million based on the latest actuarial valuation. While there are no minimum funding requirements in the country, the size of underfunding may pose a cash flow risk in about ten years' time when a significant number of employees is expected to retire.

The Parent Company expects to make contribution of ₱30 million to the plan in the next financial year.

Changes in the present value of the retirement liability are as follows:

	2020	2019	2018
Balance at beginning of year	**₱120,206,490**	₱71,097,631	₱50,668,546
Current service cost	**18,666,937**	18,130,347	7,879,934
Interest cost	**6,274,779**	5,353,652	2,033,107
Past service cost	**–**	–	25,823,274
Remeasurement gains on:			
Change in financial assumptions	**4,427,055**	30,887,077	(9,240,813)
Experience adjustments	**2,813,918**	(5,262,217)	(6,066,417)
Balance at end of year	**₱152,389,179**	₱120,206,490	₱71,097,631

Changes in the fair value of plan assets are as follows:

	2020	2019	2018
Balance at beginning of year	**₱20,326,030**	₱5,008,633	₱–
Contribution to retirement plan assets	**30,000,000**	15,003,669	5,000,000
Interest income	**1,061,019**	942,038	–
Remeasurement gain (loss) on return on plan assets	**(494,288)**	(628,310)	8,633
Balance at end of year	**₱50,892,761**	₱20,326,030	₱5,008,633

Plan assets are primarily composed of unit investment trust accounts and do not comprise any of the Parent Company's own financial instruments or any of its assets occupied and/or used in operations.

The cumulative remeasurement gains (losses) on net retirement liability recognized in OCI as at December 31 are as follows:

	2020		
	Cumulative Remeasurement Losses	**Deferred Tax** (see Note 23)	**Net**
Balance at beginning and end of year	**(₱296,748)**	**(₱89,024)**	**(₱207,724)**
Remeasurement loss	**(7,735,261)**	**(2,320,578)**	**(5,414,683)**
Balance at end of year	**(₱8,032,009)**	**(₱2,409,602)**	**(₱5,622,407)**

	2019		
	Cumulative Remeasurement Gains (Losses)	Deferred Tax (see Note 23)	Net
Balance at beginning of year	₱25,956,422	₱7,786,927	₱18,169,495
Remeasurement loss	(26,253,170)	(7,875,951)	(18,377,219)
Balance at end of year	(₱296,748)	(₱89,024)	(₱207,724)

	2018		
	Cumulative Remeasurement Gains	Deferred Tax (see Note 23)	Net
Balance at beginning of year	₱10,640,559	₱3,192,168	₱7,448,391
Remeasurement gain	15,315,863	4,594,759	10,721,104
Balance at end of year	₱25,956,422	₱7,786,927	₱18,169,495

The principal assumptions used for the purpose of the actuarial valuation are as follows:

	2020	2019
Discount rate	**3.95%**	5.22%
Salary projection rate	**5.00%**	6.00%
Average remaining service years	**24.2**	24.8

The sensitivity analysis based on reasonable possible changes of assumptions as at December 31, 2020 and 2019 are presented below.

		Effect on Present Value of Retirement Liability	
	Change in Assumption	Discount Rate	Salary Projection Rate
December 31, 2020	**+1%**	**(₱14,901,329)**	**₱17,761,066**
	-1%	**18,147,808**	**(14,894,844)**
December 31, 2019	+1%	(₱11,366,089)	₱13,583,980
	-1%	13,837,647	(11,387,681)

The expected future benefit payments within the next ten years are as follows:

Financial Year	Amount
2020	₱59,147,252
2021	3,042,802
2022-2029	52,682,563

The weighted average duration of the retirement benefit obligation as at December 31, 2020 is 10.8 years.

22. Commitments

Operating Lease Commitments - Group as Lessor

The Parent Company entered into various lease agreements in ACPT for periods ranging from five (5) years to 10 years. All lease agreements include an escalation clause of 5% every year. The lease contracts do not provide for any contingent rent.

In addition, MPI has various lease agreements for its retail units in Arya Residences. The term of the lease ranges from two (2) to five (5) years. The lease agreements also provide for various escalation rates for the duration of the agreements.

Moreover, Cazneau has entered into lease agreements for its dormitory units in Courtyard Hall. The term is renewable every semester.

Leasing revenue recognized from these operating leases amounted to ₱371.6 million in 2020, ₱321.9 million in 2019 and ₱132.4 million in 2018 (see Note 17). Lease receivables amounted to ₱88.9 million and ₱45.0 million as at December 31, 2020 and 2019, respectively (see Note 8). Accrued rent receivable amounted to ₱89.6 million and ₱99.0 million as at December 31, 2020 and 2019, respectively (see Note 8). Advance rent from tenants amounted to ₱36.2 million and ₱73.8 million as at December 31, 2020 and 2019, respectively. Security deposits, which may be applied to unsettled balances or refunded at the end of the lease term, amounted to ₱81.1 million and ₱66.0 million as at December 31 2020 and 2019, respectively (see Note 15).

The future minimum lease payments to be received under non-cancellable operating leases as at December 31 are as follows:

	2020	2019
Within one year	**₱256,810,411**	₱253,368,521
After one year but not more than five years	**617,893,681**	835,221,094
More than five years	**24,261,443**	43,670,598
	₱898,965,535	₱1,132,260,213

Operating Lease Commitment - Group as Lessee

The Parent Company is a lessee under non-cancellable operating lease where its office space is situated. In 2018, the Parent Company transferred its office to ACPT. This resulted to the termination of its non-cancellable operating lease. For short-term and low value leases, rent expense recognized amounted to ₱3.0 million in 2020, ₱1.7 million in 2019 and ₱14.5 million in 2018 (see Note 18).

23. **Income Taxes**

The components of income tax expense are as follows:

	Note	**2020**	2019	2018
Reported in Profit or Loss				
Current:				
Final taxes		**₱6,065,051**	₱5,533,420	₱5,436,777
RCIT		**11,650,910**	66,966,595	91,047,356
MCIT		**9,901,241**	5,619,419	186,560
Gross income tax (GIT)		**2,399,074**	3,678,373	1,970,310
		30,016,276	81,797,807	98,641,003
Deferred		**460,254,146**	554,347,227	67,094,603
		₱490,270,422	₱636,145,034	₱165,735,606
Reported in OCI				
Deferred tax related to remeasurement gains (losses) on net retirement liability	21	**₱2,320,578**	₱7,875,951	(₱4,594,759)

Deferred Tax Assets and Deferred Tax Liabilities

The components of the Group's recognized deferred tax assets and liabilities are as follows:

	2020	2019
Deferred tax assets:		
NOLCO	**₱186,618,977**	₱62,261,706
Retirement liability	**30,448,926**	29,964,138
Advance rent	**8,608,314**	11,841,153
Excess MCIT over RCIT	**15,706,900**	5,805,659
Allowance for impairment losses	**110,488**	110,488
Unrealized foreign exchange loss	**2,654**	181,536
	₱241,496,259	₱110,164,680
Deferred tax liabilities:		
Cumulative gain on change in fair value of investment properties	**₱1,415,105,254**	₱1,127,340,036
Excess of financial over taxable gross profit	**523,413,731**	237,134,847
Depreciation of investment properties	**26,332,554**	14,624,431
Accrued rent receivable	**17,144,444**	17,155,013
Transfer of fair value to property and equipment	**12,939,297**	13,208,866
Capitalized debt issue costs	**9,989,503**	10,196,539
	2,004,924,783	1,419,659,732
Net deferred tax liabilities	**₱1,763,428,524**	₱1,309,495,052

As at December 31, 2020 and 2019, the Group did not recognize deferred tax assets relating to the following:

	2020	2019
NOLCO	**₱8,073,179**	₱5,660,266
Excess MCIT over RCIT	**320**	320
	₱8,073,499	₱5,660,586

Management has assessed that these may not be realized in the future.

NOLCO and Excess MCIT over RCIT

The details of the Group's NOLCO and excess MCIT over RCIT are as follows:

NOLCO

Year Incurred	Balance at Beginning of Year	Incurred	Applied	Expired	Balance at End of Year	Valid Until
2020	₱–	₱441,070,429	₱–	₱–	₱441,070,429	2025
2019	201,505,549	–	–	–	201,505,549	2022
2018	6,397,876	–	–	–	6,397,876	2021
2017	18,503,148	–	–	18,503,148	–	2020
	₱226,406,573	₱441,070,429	₱–	₱18,503,148	₱648,973,854	

On September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulations No. 25-2020 to implement Section 4 (4444) of Republic Act No. 11494 (Bayanihan Act to Recover as One Act), allowing the Group's net operating losses for taxable years 2020 and 2021 to be carried over for the next five consecutive taxable years immediately following the year of such loss.

Excess MCIT over RCIT

Year Incurred	Balance at Beginning of Year	Incurred	Applied	Expired	Balance at End of Year	Valid Until
2020	₱–	₱9,901,241	₱–	₱–	₱9,901,241	2023
2019	5,619,419	–	–	–	5,619,419	2022
2018	186,560	–	–	–	186,560	2021
	₱5,805,979	₱9,901,241	₱–	₱–	₱15,707,220	

The reconciliation between the income tax based on statutory income tax rate and provision for income tax reported in the consolidated statements of comprehensive income is as follows:

	2020	2019	2018
Income tax computed at statutory tax rate	**₱497,818,418**	₱636,987,873	₱166,305,856
Add (deduct) tax effect of:			
Income subject to GIT	**(11,721,196)**	(28,497,641)	(7,573,344)
Expired NOLCO	**5,550,944**	1,579,881	248,551
Unrealized holding loss (gains) on financial assets at FVPL	**(3,665,333)**	185,275	1,915,659
Nondeductible expenses and nontaxable income	**2,923,947**	30,197,169	7,426,287
Change in unrecognized deferred tax assets	**2,412,913**	1,998,894	29,931
Realized gain on disposals of financial assets at FVPL subjected to final tax	**(1,845,302)**	(1,552,143)	(1,866,346)
Interest income subjected to final tax	**(1,203,969)**	(1,151,433)	(750,988)
Stock issuance costs	**–**	(3,744,499)	–
Expired MCIT	**–**	141,658	–
	₱490,270,422	₱636,145,034	₱165,735,606

PEZA Registration

ACPT is registered with the Philippine Economic Zone Authority (PEZA) as an Ecozone Facilities Enterprise (see Note 1). The scope of its registered activity is limited to development, operation and maintenance of an economic zone.

Under the PEZA Registration Agreement, ACPT is entitled to:

- 5% GIT, in lieu of all national and local taxes; and
- Tax and duty-free importation of capital equipment required for the technical viability and operation of the registered facilities or activities.

Any income from activities of ACPT outside the PEZA-registered activities is subject to RCIT.

Corporate Recovery and Tax Incentives for Enterprises ("CREATE") Bill

On November 26, 2020, the CREATE Bill was approved by the Senate of the Philippines. Under the CREATE Bill, domestic corporations will be subject to 25% or 20% regular corporate income tax (RCIT) depending on the amount of total assets or total amount of taxable income. In addition, MCIT shall be computed at 1% of gross income for a period of three (3) years. The changes in the income tax rates shall retrospectively become effective beginning July 1, 2020.

On February 3, 2021, the Senate and the Congress of the Philippines ratified the bill through a bicameral conference. As of March 24, 2021, the CREATE Bill is pending approval of the President.

Accordingly, the income tax rates used in preparing the financial statements as at and for the year ended December 31, 2020 are 30% and 2% for RCIT and MCIT, respectively.

24. Related Party Transactions

The Group, in its regular conduct of business, has transactions with its related parties. The following tables summarize the transactions with the related parties and outstanding balance arising from these transactions.

	Nature of Relationship	Note	Nature of Transaction	Amount of Transactions		Outstanding Balance	
				2020	2019	**2020**	2019
Due from Related Parties		8					
CPG	Principal stockholder		Share purchase agreement	**₱–**	₱–	**₱36,052,873**	₱36,052,873
Centrobless	Entity under common management		Advances for working capital	**3,635,968**	12,856,017	**16,491,985**	12,856,017
SOPI	Entity under common management		Advances for working capital	**635,359**	4,932,492	**5,567,851**	4,932,492
						₱58,112,709	₱53,841,382
Accounts Payable							
CPG	Principal stockholder	15	Management fee	**₱12,577,891**	₱11,069,818	**₱3,458,920**	₱3,044,200

Share Purchase Agreement

The Parent Company has an outstanding receivable from CPG amounting to ₱36.1 million as at December 31, 2020 and 2019 arising from a share purchase agreement between the Parent Company, CPG and AOCH1. Under the claw-back provision of the share purchase agreement, the Parent Company warrants the final resolution acceptable to CPG and its counsel with respect to the pending complaint involving the property owned by UPHI, which includes, among others, removing all doubt on the ownership of UPHI over the property. In the event the satisfactory evidence is submitted by the Parent Company to CPG, the latter shall pay to the Parent Company the entire claw-back amount or a portion thereof plus interest earned in which the claw-back amount was held in escrow.

Advances for Working Capital

This pertains to expenses advanced by the Group to the related parties. Outstanding balances of advances for working capital are unsecured, unguaranteed, collectible or payable on demand and to be settled in cash. The Group's allowance for ECL on due from related parties amounted to nil as at December 31, 2020 and 2019.

Management Fee

Management fees are recognized for management consultancy, development and administrative services provided by CPG. Outstanding balances are unsecured, noninterest-bearing, payable on demand and to be settled in cash.

Compensation of Key Management Personnel

The compensation of key management personnel are as follows:

	2020	2019	2018
Salaries and other employee benefits	**₱89,599,050**	₱83,779,871	₱77,960,692
Retirement expense	**24,095,262**	24,095,262	24,095,262
	₱113,694,312	₱107,875,133	₱102,055,954

Transactions with the Retirement Plan

The Parent Company's retirement fund is administered and managed by a trustee bank. The fair value of plan assets, which are primarily composed of unit investment trust funds, amount to ₱50.9 million and ₱20.3 million as of December 31, 2020 and 2019 (see Note 21).

The retirement fund neither provides any guarantee or surety for any obligation of the Parent Company nor its investments covered by any restrictions or liens. The details of the contributions of the Parent Company and benefits paid out by the plan are presented in Note 21.

25. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes:

		Financing Cash Flows		Noncash Transactions			
	January 1, 2020	Availments/ Declaration	Payments	Assignment of advances	Conversion to deposit for future stock subscription	Movement in Debt Issue Cost	December 31, 2020
Loans payable	**₱6,925,381,746**	**₱5,342,426,370**	**(₱2,958,344,266)**	**₱–**	**₱–**	**(₱3,770,527)**	**₱9,305,693,323**
Bonds payable	**–**	**3,000,000,000**	**–**	**–**	**–**	**(41,473,302)**	**2,958,526,698**
Advances from non-controlling interests	**1,144,586,297**	**165,000,000**	**–**	**195,000,000**	**(137,000,000)**	**–**	**1,367,586,297**
Dividends payable	**5,943,585**	**274,009,142**	**(274,393,696)**	**–**	**–**	**–**	**5,559,031**
	₱8,075,911,628	**₱8,781,435,512**	**(₱3,232,737,962)**	**₱195,000,000**	**(₱137,000,000)**	**(₱45,243,829)**	**₱13,637,365,349**

		Financing Cash Flows		Noncash Transaction	
	January 1, 2019	Availments/ Declaration	Payments	Movement in Debt Issue Cost	December 31, 2019
Loans payable	₱4,169,976,102	₱3,486,252,129	(₱728,331,864)	(₱2,514,621)	₱6,925,381,746
Advances from non-controlling interests	386,666,691	757,919,606	–	–	1,144,586,297
Dividends payable	5,056,961	239,371,142	(238,484,518)	–	5,943,585
	₱4,561,699,754	₱4,483,542,877	(₱966,816,382)	(₱2,514,621)	₱8,075,911,628

26. Earnings Per Share

Basic and diluted earnings per share are computed as follows:

	2020	2019	2018
Net income attributable to equity holders of the Parent Company	**₱887,295,539**	₱1,187,016,033	₱333,479,516
Less share of Series B and C Preferred Shares	**(210,192,000)**	(175,554,000)	(140,916,000)
Net income attributable to equity holders of the Parent Company for basic and diluted earnings per share	**₱677,103,539**	₱1,011,462,033	₱192,563,516
Weighted average number of outstanding common shares for basic EPS	**5,318,095,199**	5,318,095,199	5,318,095,199
Add dilutive shares arising from stock options	**55,400,000**	–	–
Adjusted weighted average number of common shares for diluted EPS	**5,373,495,199**	5,318,095,199	5,318,095,199
Basic EPS	**₱0.1273**	₱0.1902	₱0.0362
Diluted EPS	**₱0.1260**	₱0.1902	₱0.0362

Basic EPS is computed by dividing net income for the year attributable to common equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year.

Diluted EPS is computed by dividing net income for the year attributable to common equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares.

27. Financial Risk Management Objectives and Policies

The Group's financial instruments comprise cash in banks, cash equivalents, financial assets at FVPL, receivables (excluding advances for project development and accrued rent receivable under straight-line basis of accounting), amounts held in escrow, deposits, loans and bonds payable, accounts payable and other liabilities (except statutory liabilities, advance rent and payable to buyers) and advances from non-controlling interests.

It is the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are credit risk, liquidity risk and interest rate risk. The BOD reviews and approves policies for managing these risks as summarized below.

Foreign Currency Risk

The Group's exposure to foreign currency risk is minimal, as it does not enter into significant transactions in currencies other than its functional currency.

Credit Risk

The Group's exposure to credit risk arises from the failure of a counterparty to fulfill its financial commitments to the Group under the prevailing contractual terms. Financial instruments that potentially subject the Group to credit risk consist primarily of trade receivables and other financial assets at amortized cost. The carrying amounts of financial assets at amortized cost and contract assets represent its maximum credit exposure.

Trade Receivables and Contract Assets

Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms, and conditions are offered. The Group's credit policy includes available external ratings, financial statements, credit agency information, industry information and, in some cases, bank references. Credit limits are established for each customer and reviewed on a regular basis. Any sales on credit exceeding those limits require specific approval from upper level of management. The Group limits its exposure to credit risk by transacting mainly with recognized and creditworthy customers that have undergone its credit evaluation and approval process. Historically, trade receivables are substantially collected within one (1) year and it has no experience of writing-off or impairing its trade receivables due to the effectiveness of its collection. As customary in the real estate business, title to the property is transferred only upon full payment of the purchase price. There are also provisions in the sales contract which allow forfeiture of installments or deposits made by the customer in favor of the Group. Also, customers are required to deposit postdated checks to the Group covering all installment payments. These measures minimize the credit risk exposure or any margin loss from possible default in the payment of installments. Trade receivables from lease are closely monitored on aging of the account. As at December 31, 2020 and 2019, there were no significant credit concentrations. The maximum exposure at the end of the reporting period is the carrying amount of trade receivables and contract assets.

Other Financial Assets at Amortized Cost
The Group's other financial assets at amortized cost are mostly composed of cash in banks, cash equivalents and amounts held in escrow. The Group limits its exposure to credit risk by investing only with banks that have good credit standing and reputation in the local and international banking industry. These instruments are graded in the top category by an acceptable credit rating agency and, therefore, are considered to be low credit risk investments.

For deposits, credit risk is low since the Group only transacts with reputable companies and individuals with respect to this financial asset.

It is the Group's policy to measure ECL on the above instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining if there has been a significant increase in credit risk, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the borrower.

The Group also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent significant credit risk such as when non-payment arising from administrative oversight rather than resulting from financial difficulty of the borrower.

Financial Assets at FVPL
The Group is also exposed to credit risk in relation to its investment in money market fund that is measured at FVPL. The maximum exposure at the end of the reporting period is the carrying amount of these investments.

The table below presents the summary of the Group's exposure to credit risk and shows the credit quality of the assets by indicating whether the assets are subjected to 12-month ECL or lifetime ECL.

Assets that are credit-impaired are separately presented.

	2020				
	Financial Assets at Amortized Cost				
	12-Month ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	Financial Assets at FVPL	Total
Cash and cash equivalents*	**₱940,924,474**	**₱–**	**₱–**	**₱–**	**₱940,924,474**
Financial assets at FVPL	**–**	**–**	**–**	**3,257,288,870**	**3,257,288,870**
Receivables**	**–**	**449,522,428**	**368,292**	**–**	**449,890,720**
Contract assets	**–**	**5,341,881,039**	**–**	**–**	**5,341,881,039**
Deposits	**56,072,105**	**–**	**–**	**–**	**56,072,105**
Amounts held in escrow	**85,052,814**	**–**	**–**	**–**	**85,052,814**
	₱1,082,049,393	**₱5,791,403,467**	**₱368,292**	**₱3,257,288,870**	**₱10,131,110,022**

**Excludes cash on hand amounting to ₱155,000.*
***Excludes accrued rent receivable under straight-line basis of accounting aggregating to ₱89.6 million as at December 31, 2020.*

	2019				
	Financial Assets at Amortized Cost				
	12-Month ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	Financial Assets at FVPL	Total
Cash and cash equivalents*	₱407,134,384	₱–	₱–	₱–	₱407,134,384
Financial assets at FVPL	–	–	–	772,186,717	772,186,717
Receivables**	–	290,315,333	368,292	–	290,683,625
Contract assets	–	3,250,482,689	–	–	3,250,482,689
Deposits	62,270,945	–	–	–	62,270,945
Amounts held in escrow	85,402,876	–	–	–	85,402,876
	₱554,808,205	₱3,540,798,022	₱368,292	₱772,186,717	₱4,868,161,236

**Excludes cash on hand amounting to ₱80,000.*
***Excludes accrued rent receivable under straight-line basis of accounting aggregating to ₱99.1 million as at December 31, 2019.*

Liquidity Risk

Liquidity risk is the risk that the Group may not be able to settle its obligations as they fall due.

The table below summarizes the maturity profile of the financial liabilities of the Group based on remaining contractual undiscounted cash flows as at December 31, 2020 and 2019:

	2020					
	Due and Payable on Demand	**Less than 1 Year**	**1-2 Years**	**2-3 Years**	**Over 3 Years**	**Total**
Loans payable	**₱–**	**₱4,225,205,340**	**₱1,414,000,000**	**₱833,939,200**	**₱2,866,115,800**	**₱9,339,260,340**
Bonds payable	**–**	**–**	**–**	**–**	**3,000,000,000**	**3,000,000,000**
Accounts payable and other liabilities*	**392,975,986**	**1,370,510,040**	**–**	**–**	**–**	**1,763,486,026**
Advances from non-controlling interest	**1,367,586,297**	**–**	**–**	**–**	**–**	**1,367,586,297**
	₱1,760,562,283	**₱5,595,715,380**	**₱1,414,000,000**	**₱833,939,200**	**₱5,866,115,800**	**₱15,470,332,663**

**Excludes payable to buyers, advance rent and statutory liabilities aggregating to ₱1,049.0 million as at December 31, 2020.*

	2019					
	Due and Payable on Demand	Less than 1 Year	1-2 Years	2-3 Years	Over 3 Years	Total
Loans payable	₱–	₱2,448,042,005	₱1,683,854,057	₱809,315,313	₱2,013,966,861	₱6,955,178,236
Accounts payable and other liabilities*	405,458,152	1,106,439,805	–	–	–	1,511,897,957
Advances from non-controlling interest	1,144,586,297	–	–	–	–	1,144,586,297
	₱1,550,044,449	₱3,554,481,810	₱1,683,854,057	₱809,315,313	₱2,013,966,861	₱9,611,662,490

**Excludes payable to buyers, advance rent and statutory liabilities aggregating to ₱977.0 million as at December 31, 2019.*

The Group monitors its risk to a shortage of funds through analyzing the maturity of its financial investments and financial assets and cash flows from operations. The Group monitors its cash position by a system of cash forecasting. All expected collections, check disbursements and other payments are determined on a daily basis to arrive at the projected cash position to cover its obligations.

The Group's objective is to maintain a balance between continuity of funding and flexibility. The Group addresses liquidity concerns primarily through cash flows from operations.

Interest Rate Risk

Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates.

The Group's loans payable to local banks are subject to fixed interest rates and are exposed to fair value interest rate risk. The re-pricing of these instruments is done on annual intervals.

The Group regularly monitors interest rate movements and on the basis of current and projected economic and monetary data, decides on the best alternative to take. No sensitivity analysis is needed as future interest rate changes are not expected to significantly affect the Group's consolidated net income.

Capital Management

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity as presented in the consolidated statements of financial position. Capital for the reporting periods under review is summarized as follows:

	2020	2019
Total liabilities	**₱18,317,098,613**	₱12,000,440,106
Total equity	**9,230,104,456**	7,475,391,886
Debt-to-equity ratio	**1.98:1.00**	1.61:1.00

The Group manages the capital structure and makes adjustments when there are changes in the economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

28. Fair Value Measurement

The following table presents the carrying amounts and fair values of the Group's assets and liabilities measured at fair value and for which fair values are disclosed, and the corresponding fair value hierarchy:

			2020		
			Fair Value		
	Note	**Carrying Amount**	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets measured at fair value:					
Financial assets at FVPL	7	**₱3,257,288,870**	**₱3,257,288,870**	**₱–**	**₱–**
Investment properties	10	**8,315,168,841**	**–**	**1,275,863,504**	**7,039,305,337**
Asset for which fair value is disclosed -					
Financial assets at amortized cost - Deposits	12	**56,072,105**	**–**	**–**	**56,072,105**
		₱11,628,529,816	**₱3,257,288,870**	**₱1,275,863,504**	**₱7,095,377,442**
Liability for which fair value is disclosed -					
Loans payable	13	**₱9,305,693,323**	**₱–**	**₱–**	**₱9,220,969,353**
Bonds payable	14	**2,958,526,698**	**–**	**–**	**3,540,814,710**
		₱12,264,220,021	**₱–**	**₱–**	**₱12,761,784,063**

			2019		
			Fair Value		
	Note	Carrying Amount	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets measured at fair value:					
Financial assets at FVPL	7	₱772,186,717	₱772,186,717	₱–	₱–
Investment properties	10	7,280,000,267	–	1,224,609,670	6,055,390,597
Asset for which fair value is disclosed -					
Financial assets at amortized cost - Deposits	12	62,270,945	–	–	62,400,650
		₱8,114,457,929	₱772,186,717	₱1,224,609,670	₱6,117,791,247
Liability for which fair value is disclosed -					
Loans payable	13	₱6,925,381,746	₱–	₱–	₱7,248,318,862

The following methods and assumptions were used in estimating the fair value of the Group's financial assets and liabilities:

Financial Assets and FVPL. The fair value of financial assets at FVPL is classified under Level 1 of the fair value hierarchy using quoted market prices.

Investment Properties. The fair value of investment properties were determined using land development approach, discounted cash flow approach and market data approach.

Deposits, Loans and Bonds Payable. The fair value of the Group's deposits, loans and bonds payable was determined by discounting the sum of all future cash flows using the prevailing market rates of interest for instruments with similar maturities. Interest-bearing loans and bonds payable include accrued interest in the estimation of its fair value.

The table below presents the financial assets and liabilities of the Group whose carrying amounts approximate fair values as at December 31, 2020 and 2019:

	2020	2019
Financial assets:		
Cash and cash equivalents	**₱941,079,474**	₱407,214,384
Receivables*	**449,522,428**	290,683,625
Contract assets	**5,341,881,039**	3,250,482,689
Amounts held in escrow	**85,052,814**	85,402,876
	₱6,817,535,755	₱4,033,783,574
Financial liabilities:		
Accounts payable and other liabilities**	**₱1,763,486,026**	₱1,511,897,957
Advances from non-controlling interests	**1,367,586,297**	1,144,586,297
	₱3,131,072,323	₱2,656,484,254

**Excludes accrued rent receivable under straight-line basis of accounting aggregating to ₱89.6 million and ₱99.0 million as at December 31, 2020 and 2019, respectively.*

***Excludes payable to buyers, advance rent and statutory liabilities aggregating to ₱1,029.5 million and ₱977.0 million as at December 31, 2020 and 2019, respectively.*

Cash and Cash Equivalents, Receivables, Amounts Held in Escrow, Accounts Payable and Other Liabilities and Advances from Non-controlling Interests. The carrying amounts of these financial assets and liabilities approximate their fair values due to the short-term nature of these financial instruments.

29. Classification of Consolidated Statements of Financial Position Accounts

The Group's current portions of its assets and liabilities as at December 31, 2020 and 2019 are as follows:

	Note	**2020**	2019
Current Assets			
Cash and cash equivalents	6	**₱941,079,474**	₱407,214,384
Financial asset at FVPL	7	**3,257,288,870**	772,186,717
Receivables	8	**539,079,767**	389,687,736
Contract assets	5	**5,341,881,039**	3,250,482,689
Real estate for sale	9	**6,894,906,539**	5,410,062,969
Other assets*	12	**1,910,977,361**	1,617,247,483
		₱18,885,213,050	₱11,846,881,978

**Excludes non-current portion of deposits and deferred input VAT amounting to ₱66.6 million and ₱66.4 million as at December 31, 2020 and 2019, respectively.*

	Note	**2020**	2019
Current Liabilities			
Current portion of loans payable***	13	**₱4,225,205,340**	₱2,448,042,005
Accounts payable and other liabilities	14	**2,792,943,961**	2,488,916,877
Contract liabilities	5	**27,423,392**	32,179,674
Advances from non-controlling interests	24	**1,367,586,297**	1,144,586,297
		₱8,413,158,990	₱6,113,724,853

****Excludes long term portion of loans payable aggregating to ₱5,080.5 million and ₱5,454.9 million and as at December 31, 2020 and 2019, respectively.*

30. Operating Segment Information

The Group is organized into operating segments based on the type of product or service. The Group's reportable operating segments relates to sale of real estate, leasing and property management services.

All of the assets relating to the Group's operating segments are located in the Philippines. Accordingly, reporting operating segments per geographical business operation is not required.

Segment assets, liabilities and revenue and expenses are measured in accordance with PFRS. The presentation and classification of segment revenue and expenses are consistent with the consolidated statements of comprehensive income. The presentation and classification of segment assets and liabilities are consistent with the consolidated statements of financial position.

The following tables present revenue and expense information and certain assets and liabilities information regarding the different business segments as at and for the years ended December 31, 2020, 2019 and 2018:

	2020					
	Sale of Real Estate	**Leasing**	**Property Management Services**	**Corporate**	**Eliminations**	**Total**
Segment revenue	**₱2,919,123,898**	**₱371,576,866**	**₱222,815,561**	**₱–**	**(₱211,963,269)**	**₱3,301,553,056**
Segment expenses	**(1,591,033,907)**	**(130,770,623)**	**(86,221,097)**	**(767,141,354)**	**211,963,269**	**(2,363,203,712)**
Segment profit	**1,328,089,991**	**240,806,243**	**136,594,464**	**(767,141,354)**	**–**	**938,349,344**
Net gain on change in fair value of investment properties	**–**	**959,989,140**	**–**	**–**	**–**	**959,989,140**
Finance cost	**(447,211)**	**(430,024,418)**	**–**	**(14,088,400)**	**163,376,069**	**(281,183,960)**
Other income - net	**–**	**–**	**–**	**42,240,203**	**–**	**42,240,203**
Income before income tax	**1,327,642,780**	**770,770,965**	**136,594,464**	**(738,989,551)**	**163,376,069**	**1,659,394,727**
Provision for income tax						**(490,270,422)**
Net income						**1,169,124,305**
Other comprehensive income						**(5,414,683)**
Total comprehensive income						**₱1,163,709,622**
Assets	**₱6,894,906,539**	**₱8,315,168,841**	**₱17,028,899**	**₱18,548,524,200**	**(₱6,228,425,410)**	**₱27,547,203,069**
Liabilities	**(₱5,148,259,520)**	**(₱4,157,433,803)**	**₱–**	**(₱14,634,896,280)**	**₱5,623,490,990**	**(₱18,317,098,613)**

	2019					
	Sale of Real Estate	Leasing	Property Management Services	Corporate	Eliminations	Total
Segment revenue	₱3,515,804,028	₱321,918,256	₱263,259,201	₱–	(₱253,124,061)	₱3,847,857,424
Segment expenses	(2,138,904,072)	(103,619,113)	(77,076,988)	(745,080,287)	253,124,061	(2,811,556,399)
Segment profit	1,376,899,956	218,299,143	186,182,213	(745,080,287)	–	1,036,301,025
Net gain on change in fair value of investment properties	–	1,180,724,811	–	–	–	1,180,724,811
Finance cost	–	(124,552,506)	–	(69,947)	–	(124,622,453)
Other income - net	–	–	–	31,106,679	–	31,106,679
Income before income tax	1,376,899,956	1,274,471,448	186,182,213	(714,043,555)	–	2,123,510,062
Provision for income tax						(636,145,034)
Net income						1,487,147,877
Other comprehensive income						(18,377,219)
Total comprehensive income						₱1,468,770,658
Assets	₱5,410,062,969	₱7,280,000,267	₱9,661,932	₱11,865,432,294	(₱5,089,325,470)	₱19,475,831,992
Liabilities	(₱3,635,050,687)	(₱3,290,331,059)	₱–	(₱8,971,130,820)	₱3,896,072,460	(₱12,000,440,106)

	2018					
	Sale of Real Estate	Leasing	Property Management Services	Corporate	Eliminations	Total
Segment revenue	₱992,593,843	₱132,436,269	₱112,014,081	₱–	(₱104,574,107)	₱1,132,470,086
Segment expenses	(599,734,444)	(15,260,471)	(108,378,431)	(397,610,494)	104,574,107	(1,016,409,733)
Segment profit	392,859,399	117,175,798	3,635,650	(397,610,494)	–	116,060,353
Net gain on change in fair value of investment properties	–	172,819,094	–	–	–	172,819,094
Finance cost	(5,301,623)	(51,086,712)	–	(20,319,692)	3,060,739	(73,647,288)
Other income – Net	–	–	–	339,120,693	–	339,120,693
Income before income tax	387,557,776	238,908,180	3,635,650	(78,809,493)	3,060,739	554,352,852
Provision for income tax						(165,735,606)
Net income						388,617,246
Other comprehensive income						10,721,104
Total comprehensive income						₱399,338,350
Assets	₱3,811,409,604	₱5,965,653,424	₱–	₱5,507,701,512	(₱2,948,298,777)	₱12,336,465,763
Liabilities	(₱1,994,647,533)	(₱2,197,482,011)	₱–	(₱7,078,187,677)	₱1,901,563,866	(₱9,368,753,355)

31. Events After Reporting Period

Declaration of Cash Dividends

The Parent Company's BOD approved and declared the following cash dividends:

Class of shares	Declaration Date	Stockholders of Record Date	Payment Date	Amount	Dividend per Share
Series C preferred shares	January 27, 2021	March 8, 2021	March 27, 2021	₱17,319,000	₱1.73
Series B preferred shares	January 27, 2021	February 15, 2021	March 6, 2021	35,229,000	1.76

The dividends shall be taken out of the unrestricted earnings of the Parent Company as at December 31, 2020.

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
October 4, 2018, valid until August 15, 2021
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

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REPORT OF INDEPENDENT AUDITORS TO ACCOMPANY CONSOLIDATED FINANCIAL STATEMENTS FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Stockholders and the Board of Directors
Arthaland Corporation and Subsidiaries
7/F Arthaland Century Pacific Tower
5th Avenue corner 30th Street
Bonifacio Global City, Taguig City

We have audited the accompanying consolidated financial statements of Arthaland Corporation (the Company) and Subsidiaries as at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018, on which we have rendered our report dated March 24, 2021.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has 1,925 stockholders owning one hundred (100) or more shares each.

REYES TACANDONG & CO.

MICHELLE R. MENDOZA-CRUZ
Partner
CPA Certificate No. 97380
Tax Identification No. 201-892-183-000
BOA Accreditation No. 4782; Valid until August 15, 2021
SEC Accreditation No. 1499-AR-1 Group A
Valid until July 17, 2021
BIR Accreditation No. 08-005144-012-2020
Valid until January 1, 2023
PTR No. 8534279
Issued January 5, 2021, Makati City

March 24, 2021
Makati City, Metro Manila

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Website : www.reyestacandong.com

INDEPENDENT AUDITORS REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Arthaland Corporation and Subsidiaries
7/F Arthaland Century Pacific Tower
5th Avenue corner 30th Street
Bonifacio Global City, Taguig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Arthaland Corporation (the Company) and Subsidiaries (the Group) as at December 31, 2020 and 2019 and for each of the three years ended December 31, 2020, 2019, and 2018, and have issued our report thereon dated March 24, 2021. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2020 and 2019 and for each of the three years ended December 31, 2020, 2019, and 2018 and no material exceptions were noted.

REYES TACANDONG & CO.

MICHELLE R. MENDOZA-CRUZ
Partner
CPA Certificate No. 97380
Tax Identification No. 201-892-183-000
BOA Accreditation No. 4782; Valid until August 15, 2021
SEC Accreditation No. 1499-AR-1 Group A
Valid until July 17, 2021
BIR Accreditation No. 08-005144-012-2020
Valid until January 1, 2023
PTR No. 8534279
Issued January 5, 2021, Makati City

March 24, 2021
Makati City, Metro Manila

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM

Reyes Tacandong & Co. is a member of the RSM network. Each member of the RSM network is an independent accounting and consulting firm, and practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

ARTHALAND CORPORATION AND SUBSIDIARIES

FINANCIAL RATIOS

DECEMBER 31, 2020

Below is a schedule showing financial soundness indicators in the years 2020, 2019 and 2018.

	2020	2019	2018
Current/Liquidity Ratio	**2.24**	1.94	2.45
Current assets	**₱18,885,213,050**	₱11,846,881,978	₱6,077,365,868
Current liabilities	**8,413,158,990**	6,113,724,853	2,480,623,954
Solvency Ratio	**0.07**	0.13	0.06
Net income before depreciation	**1,214,297,022**	1,513,869,906	404,066,856
Total liabilities	**18,317,098,613**	12,000,440,106	7,078,187,677
Debt-to-Equity Ratio	**1.98**	1.61	1.35
Total liabilities	**18,317,098,613**	12,000,440,106	7,078,187,677
Total equity	**9,230,104,456**	7,475,391,886	5,258,278,086
Debt-to-Equity Ratio	**1.33**	0.93	0.79
Interest-bearing liabilities	**12,264,220,021**	6,925,381,746	4,169,976,102
Total equity	**9,230,104,456**	7,475,391,886	5,258,278,086
Asset-to-Equity Ratio	**2.98**	2.61	2.35
Total assets	**27,547,203,069**	19,475,831,992	12,336,465,763
Total equity	**9,230,104,456**	7,475,391,886	5,258,278,086
Interest Rate Coverage Ratio	**6.95**	18.08	8.61
Pretax income before interest	**1,938,293,289**	2,247,632,872	627,225,512
Interest expense	**278,898,562**	124,339,961	72,872,660
Profitability Ratio	**0.13**	0.20	0.07
Net income	**1,169,124,305**	1,487,147,877	388,617,246
Total equity	**9,230,104,456**	7,475,391,886	5,258,278,086

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
October 4, 2018, valid until August 15, 2021
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

BDO Towers Valero (formerly Citibank Tower)
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Arthaland Corporation and Subsidiaries
7/F Arthaland Century Pacific Tower
5th Avenue corner 30th Street
Bonifacio Global City, Taguig City

We have audited in accordance with Philippines Standards on Auditing, the consolidated financial statements of Arthaland Corporation (the Company) and Subsidiaries as at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018 included in this Form 17-A and have issued our report thereon dated March 24, 2021. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplementary schedules are the responsibility of the Group's management. These supplementary schedules include the following:

- Reconciliation of Retained Earnings Available for Dividend Declaration
- Schedule of Use of Proceeds
- Conglomerate Map

These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, as amended, and are not part of the consolidated financial statements. This information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements, including comparing such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

REYES TACANDONG & CO.

MICHELLE R. MENDOZA-CRUZ
Partner
CPA Certificate No. 97380
Tax Identification No. 201-892-183-000
BOA Accreditation No. 4782; Valid until August 15, 2021
SEC Accreditation No. 1499-AR-1 Group A
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BIR Accreditation No. 08-005144-012-2020
Valid until January 1, 2023
PTR No. 8534279
Issued January 5, 2021, Makati City

March 24, 2021
Makati City, Metro Manila

THE POWER OF BEING UNDERSTOOD
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RSM

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ARTHALAND CORPORATION AND SUBSIDIARIES
SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6 PART II
OF SRC RULE 68, AS AMENDED
DECEMBER 31, 2020

Table of Contents

Schedule	*Description*	*Page*
A	Financial Assets	1
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	2
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	3
D	Long-Term Debt	4
E	Indebtedness to Related Parties	N/A
F	Guarantees of Securities of Other Issuers	N/A
G	Capital Stock	5

ARTHALAND CORPORATION AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS
DECEMBER 31, 2020

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Value based on market quotation at end of reporting period	Income received and accrued
Cash on hand	₱155,000	₱155,000	₱–	₱–
Cash in Banks:				
Banco De Oro	193,291,185	193,291,185	–	
Philippine National Bank	97,406,514	97,406,514	–	
Bank of the Philippines	99,024,256	99,024,256	–	
Unionbank of the Philippines	131,387,691	131,387,691	–	
Asia United Bank	51,514,525	51,514,525		
Others	9,009,041	9,009,041	–	
	581,633,212	581,633,212	–	3,432,878
Short-term Placements:				
Bank of the Philippines	1,445,522	1,445,522	1,445,522	
Allied Bank	154,000,000	154,000,000	154,000,000	
Asia United Bank	100,476,496	100,476,496	100,476,496	
Unionbank	100,350,195	100,350,195	100,350,195	
Banco De Oro	2,806,979	2,806,979	2,806,979	
Security Bank	212,070	212,070	212,070	
	359,291,262	359,291,262	359,291,262	5,946,867
Deposits	56,072,105	56,072,105	–	–
Unit Investment Trust Fund	3,257,288,870	3,257,288,870	3,257,288,870	–
Amounts Held in Escrow	85,052,814	85,052,814	–	–
	₱4,339,493,263	₱4,339,493,263	₱3,616,561,165	₱9,379,745

ARTHALAND CORPORATION AND SUBSIDIARIES
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2020

			Deductions		Ending Balance		
Name and designation of debtor	**Balance at beginning of year**	**Additions**	**Amounts collected**	**Amounts written off**	**Current**	**Not current**	**Balance at end of year**
Due from a Related Party -							
CPG Holdings, Inc.	₱36,052,873	₱–	₱–	₱–	₱36,052,873	₱–	₱36,052,873
Centrobless	12,856,017	3,635,968	–	–	16,491,985	–	16,491,985
Signature Office Property, Inc.	4,932,492	635,359	–	–	5,567,851	–	5,567,851
	₱53,841,382	₱4,271,327	₱–	₱–	₱58,112,709	₱–	₱58,112,709

ARTHALAND CORPORATION AND SUBSIDIARIES
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2020

				Deductions	Ending Balance		
Name and designation of debtor	**Balance at beginning of year**	**Additions**	**Amounts collected**	**Amounts written off**	**Current**	**Not current**	**Balance at end of year**
Advances to subsidiaries:							
Bhavya Properties Inc.	**₱665,020,644**	₱142,108,233	₱–	₱–	₱807,128,877	₱–	**₱807,128,877**
Cebu Lavana Land Corp.	**495,000,000**	340,783,982	(151,469,315)	–	684,314,667	–	**684,314,667**
Cazneau, Inc.	**607,322,258**	486,272,575	(299,000,000)	–	794,594,833	–	**794,594,833**
Bhavana Properties Inc.	**534,038,896**	307,022,366	(75,000,000)	–	766,061,262	–	**766,061,262**
Zileya Land Development, Inc.	**389,473,444**	7,300,410	–	–	396,773,854	–	**396,773,854**
Kashtha Holdings Inc.	**125,000**	502,433,406	(208,110,665)	–	294,447,741	–	**294,447,741**
Urban Property Holdings, Inc. (net of allowance for impairment amounting to ₱3,261,249)	**65,304,320**	3,900,000	–	–	69,204,320	–	**69,204,320**
Emera Property Management, Inc.	**1,560,155**	133,726	(110,300)	–	1,583,581	–	**1,583,581**
Pradhana Land Inc.	**300,000**	2,009,296	(1,495,532)	–	813,764	–	**813,764**
Savya Land Development Corporation	**487,500,000**	642,387	(488,049,253)	–	93,134	–	**93,134**
	₱3,245,644,717	₱1,792,606,381	(₱1,223,235,065)	₱–	₱3,815,016,033	₱–	**₱3,815,016,033**
Nontrade Receivables from a subsidiary -							
Cebu Lavana Land Corp.	**₱–**	₱–	₱–	₱–	₱–	₱–	**₱–**
Advances from subsidiaries:							
Manchesterland Properties, Inc.	**₱282,158,275**	₱–	(₱2,525,976)	₱–	₱279,632,299	₱–	**₱279,632,299**
Cebu Lavana Land Corp.	**267,122**	112,654,424	–	–	112,921,546	–	**112,921,546**
	₱282,425,397	₱112,654,424	(₱2,525,976)	₱–	₱392,553,845	₱–	**₱392,553,845**

ARTHALAND CORPORATION AND SUBSIDIARIES
SCHEDULE D - LONG-TERM DEBT
DECEMBER 31, 2020

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" related balance sheet	Amount shown under caption "Long-Term Debt" in related statement of financial position			
			Carrying amount	Interest Rate(s)	Payment Terms	Maturity Dates
Bank Loans:						
Bank 1	₱2,350,000,000	₱900,000,000	₱1,114,000,000	5.77%	Quarterly	April 14, 2022
Bank 2	2,000,000,000	150,000,000	1,708,666,538	5.50%	Quarterly	June 30, 2025
Bank 3	1,440,000,000	–	1,268,778,150	7.15%	Quarterly	August 29, 2023
Bank 4	1,000,000,000	–	989,043,295	6.35%	At end of term	February 6, 2025
Bank 5	439,769,017	439,769,017	–	7.50%	At end of term	April 29, 2021
Bank 6	400,000,000	400,000,000	–	5.00%	At end of term	March 1, 2021
Bank 7	350,000,000	350,000,000	–	6.22%	At end of term	April 13, 2021
Bank 8	416,542,022	416,542,022	–	7.50%	At end of term	November 20, 23, 27, 2021
Bank 9	300,000,000	300,000,000	–	5.50%	At end of term	June 15, 2021
Bank 10	250,000,000	250,000,000	–	5.00%	At end of term	May 28, 2021
Bank 11	224,450,914	224,450,914	–	7.50%	At end of term	May 22, 2021
Bank 12	151,572,601	151,572,601	–	7.50%	At end of term	November 9, 2021
Bank 13	133,146,816	133,146,816	–	7.50%	At end of term	November 3, 2021
Bank 14	100,000,000	100,000,000	–	6.25%	At end of term	August 5, 2021
Bank 15	75,000,000	75,000,000	–	5.25%	At end of term	September 20, 2021
Bank 16	100,000,000	100,000,000	–	7.00%	At end of term	March 29, 2021
Bank 17	50,000,000	50,000,000	–	5.00%	At end of term	April 5, 2021
Bank 18	50,000,000	50,000,000	–	5.00%	At end of term	March 16, 2021
Bank 19	50,000,000	50,000,000	–	5.00%	At end of term	March 22, 2021
Various loans from private funders	84,723,970	84,723,970	–	3.50%	Renewable on maturity	January 18, 21, and March 29, June 1, 2021
	₱9,965,205,340	₱4,225,205,340	₱5,080,487,983			

ARTHALAND CORPORATION AND SUBSIDIARIES
SCHEDULE G - CAPITAL STOCK
DECEMBER 31, 2020

				Number of shares held by		
Title of Issue	**Number of shares authorized**	**Number of shares issued and outstanding as shown under the related balance sheet caption**	**Number of shares reserved for options, warrants, conversion and other rights**	**Related parties**	**Directors, officers and employees**	**Others**
Common shares - ₱0.18 par value per share	16,368,095,199	5,318,095,199	–	3,401,349,910	9	1,916,745,280
Preferred shares - ₱1.00 par value per share	50,000,000	42,500,000	–	12,500,000	–	30,000,000

ARTHALAND CORPORATION

SCHEDULE OF RECONCILIATION OF PARENT COMPANY'S RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2020

Unappropriated Retained Earnings, beginning		₱1,913,015,380
Adjustments:		
Cumulative gain on change in fair value of investment properties	(1,516,332,851)	
Unrealized holding loss on financial assets at FVPL	(778,461)	
Depreciation of fair value of property plant and equipment	628,994	
Accumulated depreciation and amortization of investment properties	(28,657,453)	(1,545,139,771)
Unappropriated Retained Earnings, as adjusted, beginning		367,875,609
Add: Net income actually earned/realized during the period		
Net income during the year closed to retained earnings	729,891,997	
Realized holding gains on financial assets at FVPL	778,461	
Less: Non-actual/unrealized income and realized loss, net of tax		
Gain on change in fair value of investment properties	(641,801,448)	
Depreciation of fair value of property and equipment	628,993	
Unrealized holding gains on financial assets at FVPL	10,193,586	
Depreciation and amortization of investment properties	(37,233,686)	62,457,903
Cash dividends		(274,009,142)
Unappropriated Retained Earnings, *as adjusted to available for dividend distribution, ending*		₱156,324,370

ARTHALAND CORPORATION

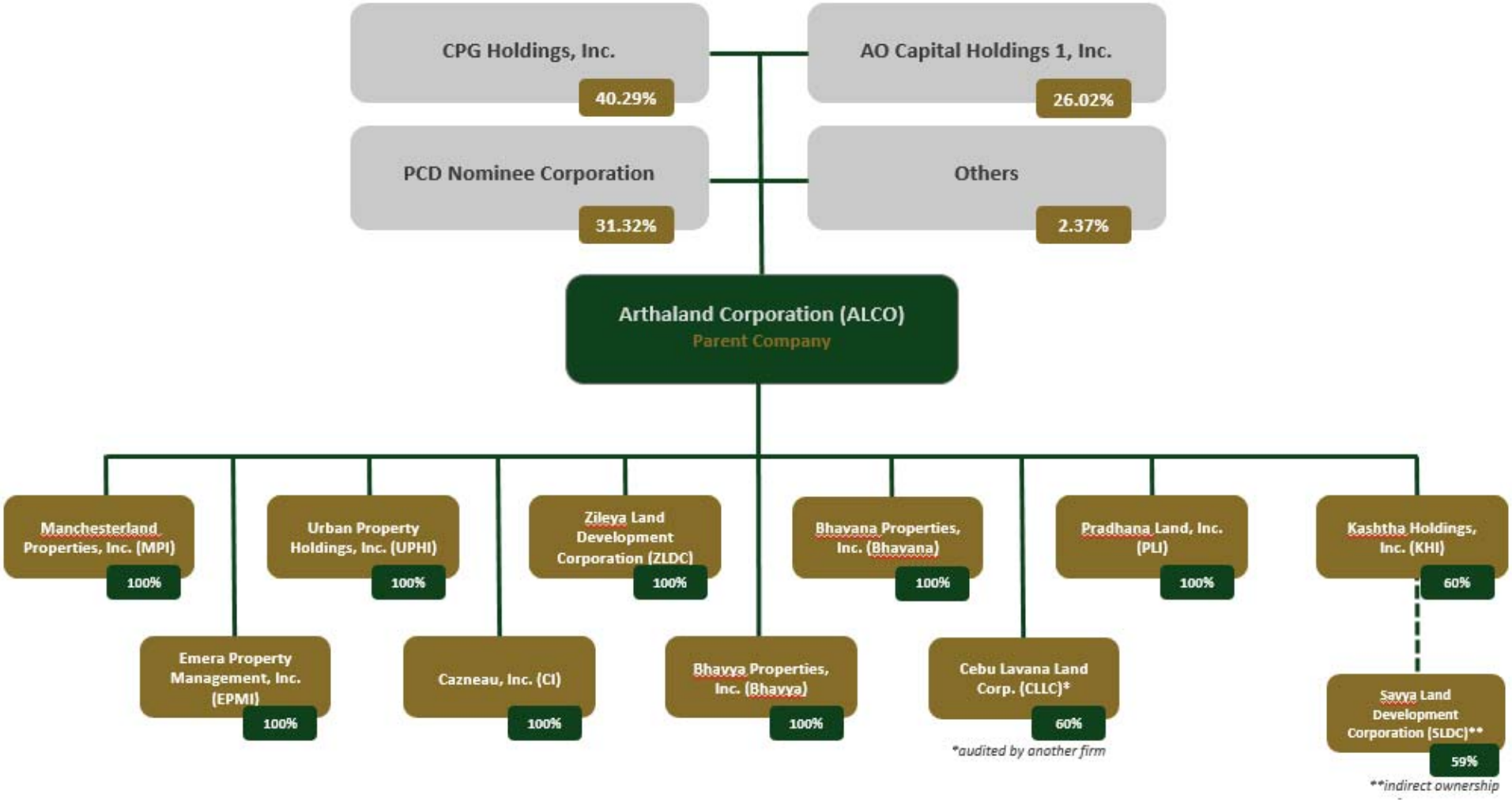
SCHEDULE OF USE OF PROCEEDS
Series B Preferred Shares
DECEMBER 31, 2020

The estimated gross proceeds from the offer amounted to ₱1,971.8 million. The actual net proceeds from the offer of the shares, after deducting the related expenses to the offer, amounted to ₱1,972.9 million.

The following table shows the breakdown of the use of the proceeds:

Purpose	Per Offer Supplement	Actual Net Proceeds	As at December 31, 2020	Balance for disbursement as at December 31, 2020
South of Metro Manila Project	₱822.4	₱822.4	₱822.4	₱–
Makati CBD Residential Project	371.6	371.6	371.6	–
Binan Laguna Project	331.9	331.9	314.1	17.8
Partial repayment of loans	330.0	330.0	330.0	–
General corporate purposes	62.3	63.4	63.4	–
Cebu Exchange project	53.6	53.6	53.6	–
Total	**₱1,971.8**	**₱1,972.9**	**₱1,955.1**	**₱17.8**

CONGLOMERATE MAP



SEC FORM 17-Q (FIRST QUARTER 2021)

COVER SHEET

A	S	9	4	0	0	7	1	6	0		

SEC Registration Number

A	R	T	H	A	L	A	N	D		C	O	R	P	O	R	A	T	I	O	N		A	N	D							
S	U	B	S	I	D	I	A	R	I	E	S																				

(Company's Full Name)

7	F		A	R	T	H	A	L	A	N	D		C	E	N	T	U	R	Y		P	A	C	I	F	I	C		T	O	W	E	R
5	T	H		A	V	E	N	U	E		C	O	R	N	E	R		3	0	T	H		S	T	R	E	E	T					
B	O	N	I	F	A	C	I	O		G	L	O	B	A	L		C	I	T	Y													
T	A	G	U	I	G		C	I	T	Y																							

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

FERDINAND A. CONSTANTINO

(Contact Person)

(+632) 8403-6910

(Company Telephone Number)

1	2		3	1
Month			*Day*	

(Fiscal Year)

1	7	-	Q	

(Form Type)

0	6		Last	Fri
Month			*Day*	

(Annual Meeting)

N.A.

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

1,936

Total No. of Stockholders

Total Amount of Borrowings

Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

ARTHALAND CORPORATION
(Company's Full Name)

7/F ArthaLand Century Pacific Tower, 5th Avenue corner 30th Street
Bonifacio Global City, Taguig City
(Company's Address)

8403-6910
(Telephone Number)

December 31 (Fiscal year ending) (month & day)

June 25 (Annual Meeting)

SEC FORM 17 – Q QUARTERLY REPORT
(Form Type)

Amendment Designation (If applicable)

March 31, 2021
(Period Ended Date)

(Secondary License Type & File Number)

LCU

(Cashier)

DTU

ASO-94-007160
(SEC Number)

Central Receiving Unit

File Number

Document I.D.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q
QUARTERLY REPORT PURSUANT TO SECTION 11 OF THE REVISED SECURITIES ACT AND RSA RULE 11(a)-1 (b)(2) THEREUNDER

1. For the quarterly period ended *March 31, 2021*

2. Commission Identification No. *ASO-94-007160*

3. BIR TIN *004-450-721-0000*

4. Exact name of registrant as specified in its character

   ARTHALAND CORPORATION

5. Incorporated in Metro Manila, Philippines on *August 10, 1994*.

6. Industry Classification Code _____(SEC Use Only).

7. Address of registrant's principal office Postal Code

   7/F ArthaLand Century Pacific Tower, 5th Avenue corner 30th Street, Bonifacio Global City, Taguig City ***1634***

8. Registrant's Telephone Number : *8403-6910*

9. Former name, former address and former fiscal year, if changed since last report: Not Applicable

10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares Outstanding	Amount of Debt Outstanding
Common Shares	**5,318,095,199 (₱0.18 par value)**	**None**
Preferred Shares – Series A	**12,500,000 (₱1.00 par value)**	**None**
Preferred Shares – Series B	**20,000,000 (₱1.00 par value)**	**None**
Preferred Shares – Series C	**10,000,000 (₱1.00 par value)**	**None**
ASEAN Green Bonds	**None**	**₱3,000,000,000**

11. Are any or all of the securities listed on the Philippine Stock Exchange?
    YES [X] **NO [ ]**

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
Philippine Stock Exchange – ALL Outstanding Common Shares and Preferred Shares Series B and C ONLY.

12. Indicate by check mark whether the registrant :
    (a) has filed all reports required to be filed by Section 11 of the Revised Securities Act (RSA) and RSA Rule (a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period the registrant was required to file such reports).
    YES [X] **NO [ ]**
    (b) has been subject to such filing requirements for the past 90 days.
    YES [X] **NO [ ]**

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

See attached.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

See attached.

PART II - OTHER INFORMATION

There are no other information for the period not previously reported in SEC Form 17-C.

SIGNATURES

Pursuant to the requirements of the Revised Securities Act, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer : **ARTHALAND CORPORATION**

Signature and Title : **JAIME C. GONZALEZ**
President

Signature and Title : **FERDINAND A. CONSTANTINO**
Chief Finance Officer

Date : May 5, 2021

ITEM 1. Financial Statements Required under SRC RULE 68.1

1. Basic and Diluted Earnings per Share (See attached Income Statement).

2. The accompanying consolidated interim financial statements of **Arthaland Corporation (ALCO)** were prepared in accordance with accounting principles generally accepted in the Philippines as set forth in Philippine Financial Reporting Standards (PFRS) and Philippine Accounting Standards (PAS).

3. Notes to Financial Statements:

    a. The accompanying consolidated interim financial statements of **ALCO** were prepared in accordance with PFRS. The financial statements have been prepared using the historical cost basis, except for investment properties and certain financial instruments that are measured at fair values, and net retirement liability which is carried at the present value of the defined benefit obligation at the end of the reporting period. The consolidated interim financial statements are presented in Philippine Pesos.

    b. There is no significant seasonality or cycle of interim operations.

    c. There are no material events subsequent to the end of the interim period not previously reported in SEC form 17-C.

    d. Except as otherwise disclosed separately and mentioned in the general information in this Report, there are no changes in the composition of the issuer during the interim period including business combinations, acquisition of subsidiaries and long-term investments, restructurings and discontinuing operations.

    e. There are no material changes in the contingent liabilities or contingent assets since the last annual balance sheet date.

    f. There are no material contingencies and any other events or transactions that are material to an understanding of the current interim period.

    g. Except as otherwise disclosed separately and excluding those projects already in ALCO's pipeline as outlined in this Report, there are no other material commitments for capital expenditures since the last annual balance sheet date.

    h. Except as otherwise disclosed separately and mentioned in the analysis of financial risks in this Report, there are no other known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations. There is no foreseen event that will cause a material change in the relationship between costs and revenues.

    i. There are no material off-balance sheet transactions, arrangements, obligations and other relationship of the company with unconsolidated entities or other persons created during the reporting period.

ARTHALAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2021 AND DECEMBER 31, 2020

	Notes	**MARCH 31, 2021 (Unaudited)**	DECEMBER 31, 2020 (Audited)
ASSETS			
Cash and cash equivalents	4	**P 753,441,956**	P 941,079,474
Financial assets at fair value through profit or loss (FVPL)	5	**3,393,582,165**	3,257,288,870
Receivables	6	**573,061,836**	539,079,767
Contract Assets	7	**5,516,897,363**	5,341,881,039
Real estate for sale	8	**7,196,446,289**	6,894,906,539
Investment properties	9	**8,408,985,253**	8,315,168,841
Property and equipment	10	**274,119,024**	280,192,479
Other assets	11	**2,154,681,473**	1,977,606,060
		P 28,271,215,359	P 27,547,203,069
LIABILITIES AND EQUITY			
Liabilities			
Loans payable	12	**P 10,026,031,719**	P 9,305,693,323
Bonds payable	13	**2,961,074,215**	2,958,526,698
Accounts payable and other liabilities	14	**2,861,358,621**	2,792,943,961
Contract liabilities	7	**31,500,193**	27,423,392
Advances from non-controlling interests	15	**1,367,586,297**	1,367,586,297
Net retirement liability	22	**109,010,413**	101,496,418
Net deferred tax liabilities	23	**1,489,505,040**	1,763,428,524
Total Liabilities		**18,846,066,498**	18,317,098,613
Equity Attributable to Equity Holders of the Parent Company			
Capital stock	16	**999,757,136**	999,757,136
Additional paid-in capital	16	**3,008,959,878**	3,008,959,878
Retained earnings		**3,853,148,412**	3,779,054,629
Other equity reserves	16	**230,363,146**	230,363,146
Parent Company's shares held by a subsidiary - at cost		**(12,500,000)**	(12,500,000)
		8,079,728,572	8,005,634,789
Non-controlling interests		**1,345,420,289**	1,224,469,667
Total Equity		**9,425,148,861**	9,230,104,456
		P 28,271,215,359	P 27,547,203,069

See accompanying Notes to Consolidated Financial Statements

ARTHALAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2021 AND 2020

	Notes	**MARCH 31, 2021 (Unaudited)**	MARCH 31, 2020 (Unaudited)
ASSETS			
Cash and cash equivalents	4	**P 753,441,956**	P 2,810,011,529
Financial assets at fair value through profit or loss (FVPL)	5	**3,393,582,165**	1,420,110,375
Trade and other receivables	6	**573,061,836**	437,414,608
Contract Assets	7	**5,516,897,363**	3,470,813,905
Real estate for sale	8	**7,196,446,289**	5,933,386,526
Investment properties	9	**8,408,985,253**	7,284,492,034
Property and equipment	10	**274,119,024**	281,875,809
Other assets	11	**2,154,681,473**	1,713,597,009
		P 28,271,215,359	P 23,351,701,795
LIABILITIES AND EQUITY			
Liabilities			
Loans payable	12	**P 10,026,031,719**	P 7,847,569,605
Bonds payable	13	**2,961,074,215**	2,952,807,600
Accounts payable and other liabilities	14	**2,861,358,621**	2,327,439,909
Contract liabilities	7	**31,500,193**	33,903,787
Due to related parties	15	**1,367,586,297**	1,307,169,833
Net retirement liability	22	**109,010,413**	102,216,115
Net deferred tax liabilities	23	**1,489,505,040**	1,319,343,376
Total Liabilities		**18,846,066,498**	15,890,450,225
Equity Attributable to Equity Holders of the Parent Company			
Capital stock	16	**999,757,136**	999,757,136
Additional paid-in capital	16	**3,008,959,878**	3,008,959,878
Retained earnings		**3,853,148,412**	3,119,581,240
Other equity reserves	16	**230,363,146**	(207,724)
Parent Company's shares held by a subsidiary - at cost		**(12,500,000)**	(12,500,000)
		8,079,728,572	7,115,590,530
Non-controlling interests		**1,345,420,289**	345,661,040
Total Equity		**9,425,148,861**	7,461,251,570
		P 28,271,215,359	P 23,351,701,795

See accompanying Notes to Consolidated Financial Statements

ARTHALAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED MARCH 31, 2021
AND FOR THE YEAR ENDED DECEMBER 31, 2020

	Notes	**MARCH 31, 2021 (Unaudited)**	DECEMBER 31, 2020 (Audited)
REVENUES	17	**P 448,901,399**	P 3,301,553,056
COST OF SALES AND SERVICES	18	**234,456,386**	1,682,981,281
GROSS INCOME		**214,445,013**	1,618,571,775
OPERATING EXPENSES	19	**152,615,778**	680,222,431
INCOME FROM OPERATIONS		**61,829,235**	938,349,344
GAIN ON CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES		**95,440,000**	959,989,140
FINANCE COSTS	20	**(83,242,182)**	(281,183,960)
OTHER INCOME - net	21	**8,892,347**	42,240,203
INCOME BEFORE INCOME TAX		**82,919,400**	1,659,394,727
INCOME TAX EXPENSE (BENEFIT)	23	**(271,538,790)**	490,270,422
NET INCOME		**354,458,190**	1,169,124,305
COMPREHENSIVE LOSS		**-**	(5,414,683)
TOTAL COMPREHENSIVE INCOME		**P 354,458,190**	P 1,163,709,622
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company		**291,641,783**	887,295,539
Non-controlling interest		**62,816,407**	281,828,766
		354,458,190	1,169,124,305
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company		**291,641,783**	881,880,856
Non-controlling interest		**62,816,407**	281,828,766
		354,458,190	1,163,709,622
EARNINGS PER SHARE	26		
Basic		**P 0.0450**	P 0.1273
Dilluted		**P 0.0445**	P 0.1260

See accompanying Notes to Consolidated Financial Statements

ARTHALAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED MARCH 31, 2021 AND 2020

	Notes	**MARCH 31, 2021 (Unaudited)**	MARCH 31, 2020 (Unaudited)
REVENUES	17	**P 448,901,399**	P 577,214,772
COST OF SALES AND SERVICES	18	**234,456,386**	310,156,160
GROSS INCOME		**214,445,013**	267,058,612
OPERATING EXPENSES	19	**152,615,778**	151,546,072
INCOME FROM OPERATIONS		**61,829,235**	115,512,540
GAIN ON CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES		**95,440,000**	-
FINANCE COSTS	20	**(83,242,182)**	(67,301,683)
OTHER INCOME - net	21	**8,892,347**	7,445,569
INCOME BEFORE INCOME TAX		**82,919,400**	55,656,426
INCOME TAX EXPENSE (BENEFIT)	23	**(271,538,790)**	17,248,742
NET INCOME		**354,458,190**	38,407,684
COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME		**P 354,458,190**	P 38,407,684
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company		**291,641,783**	10,339,474
Non-controlling interest		**62,816,407**	28,068,210
		354,458,190	38,407,684
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company		**291,641,783**	10,339,474
Non-controlling interest		**62,816,407**	28,068,210
		354,458,190	38,407,684
EARNINGS PER SHARE	26		
Basic		**P 0.0450**	**(P 0.0079)**
Dilluted		**P 0.0445**	**(P 0.0079)**

See accompanying Notes to Consolidated Financial Statements

ARTHALAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2021 AND 2020

	Note	**MARCH 31, 2021 (Unaudited)**	MARCH 31, 2020 (Unaudited)
CAPITAL STOCK			
Common - ₱0.18 par value			
Issued and outstanding	16	**P 957,257,136**	P 957,257,136
Preferred - ₱1.00 par value			
Issued and subscribed	16	**42,500,000**	42,500,000
Balance at end of period		**999,757,136**	999,757,136
ADDITIONAL PAID-IN CAPITAL			
Balance at beginning and end of period		**3,008,959,878**	3,008,959,878
RETAINED EARNINGS			
Balance at beginning of period		**3,779,054,629**	3,161,789,766
Net income for the period		**291,641,783**	10,339,474
Dividends declared during the period	16	**(217,548,000)**	(52,548,000)
Balance at end of period		**3,853,148,412**	3,119,581,240
OTHER EQUITY RESERVES			
Balance at beginning and end of period	16	**230,363,146**	(207,724)
PARENT COMPANY'S PREFFERED SHARES HELD BY A SUBSIDIARY - at cost		**(12,500,000)**	(12,500,000)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		**8,079,728,572**	7,115,590,530
NON-CONTROLLING INTERESTS			
Balance at beginning of period		**1,224,469,667**	317,592,830
Share in net income for the period		**62,816,407**	28,068,210
Deposit for future stock subscription		**58,134,215**	-
Balance at end of period		**1,345,420,289**	345,661,040
TOTAL EQUITY		**P 9,425,148,861**	P 7,461,251,570

See accompanying Notes to Consolidated Financial Statements.

ARTHALAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED MARCH 31, 2021 AND 2020

	Notes	**MARCH 31, 2021** (Unaudited)	MARCH 31, 2020 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**P 82,919,400**	P 55,656,426
Adjustments for:			
Interest expense	20	**82,986,676**	67,117,719
Depreciation and amortization	19	**7,766,364**	11,341,401
Retirement expense	22	**7,513,995**	2,335,655
Gain on change in FV of investment properties		**(95,440,000)**	-
Realized holding gains	21	**(3,097,859)**	(3,335,824)
Unrealized holding (gains) loss	21	**(1,714,368)**	(3,073,258)
Interest income	21	**(224,980)**	(231,952)
Unrealized forex loss	21	**(1,029)**	-
Operating income before working capital changes		**80,708,199**	129,810,167
Increases in:			
Trade and other receivables		**(33,982,069)**	(47,726,872)
Contract assets		**(175,016,324)**	(220,331,216)
Real estate for sale		**(301,539,750)**	(523,323,557)
Other assets		**(177,075,413)**	(24,891,827)
Increase (decrease) in:			
Contract liabilities		**4,076,801**	1,724,113
Accounts payable and other liabilities		**(134,812,865)**	(161,476,968)
Net cash used in operations		**(737,641,421)**	(846,216,160)
Interest paid		**(78,247,791)**	(123,980,185)
Interest received		**224,981**	231,952
Income tax paid		**(2,384,694)**	(12,458,085)
Net cash used in operating activities		**(818,048,925)**	(982,422,478)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of Financial assets at FVPL - net		**(131,481,068)**	(641,514,576)
Increase in Investment properties		**1,623,588**	(4,491,767)
Additions to Property and equipment	10	**(1,692,909)**	(10,667,495)
Net cash used in investing activities		**(131,550,389)**	(656,673,838)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from:			
Loans Payable		**768,147,027**	1,484,754,265
Bonds Payable		**-**	2,949,579,735
Due to related parties		**-**	162,583,536
Deposit for future stock subscription from non-controlling interest		**58,134,215**	-
Payment of loans payable		**(50,000,000)**	(502,476,075)
Payment of dividends		**(14,320,475)**	(52,548,000)
Net cash generated from financing activities		**761,960,767**	4,041,893,461
NET EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS		**1,029**	-
NET INCREASE IN CASH & CASH EQUIVALENTS		**(187,637,518)**	2,402,797,145
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**941,079,474**	407,214,384
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**P 753,441,956**	P 2,810,011,529

See accompanying Notes to Consolidated Financial Statements.

ARTHALAND CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Corporate Information

Arthaland Corporation (the Parent Company or ALCO) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on August 10, 1994. ALCO's common shares and Series B and C preferred shares are listed for trading in the Philippine Stock Exchange (PSE). The Parent Company is primarily engaged in real estate development and leasing.

The Parent Company is currently 40.3% owned by CPG Holdings, Inc. (CPG) and 26.0% owned by AO Capital Holdings 1, Inc. (AOCH1), both holding companies incorporated in the Philippines.

In June 2019, the Parent Company made a follow-on offering of 10.0 million cumulative, nonvoting, nonparticipating and nonconvertible Peso-denominated Series C preferred shares at ₱1.00 par value a share at the issuance price of ₱100 a share (see Note 16).

In January 2020, the SEC approved the registration of ALCO's ASEAN Green Bonds and the initial tranche of ₱2.0 billion bonds with an offer subscription of ₱1.0 billion (see Note 13).

The registered office and principal place of business of the Parent Company is located at 7/F Arthaland Century Pacific Tower, 5th Avenue corner 30th Street, Bonifacio Global City (BGC), Taguig City.

Composition of the Group

The consolidated financial statements include the Parent Company and the following subsidiaries (collectively referred herein as "the Group"):

		Effective % of Ownership		
Subsidiary	Place of Incorporation	**2021**	2020	2019
Cazneau, Inc. (Cazneau)	Philippines	**100%**	100%	100%
Manchesterland Properties, Inc. (MPI)	Philippines	**100%**	100%	100%
Emera Property Management, Inc. (EPMI)	Philippines	**100%**	100%	100%
Urban Property Holdings, Inc. (UPHI)	Philippines	**100%**	100%	100%
Zileya Land Development Corporation (ZLDC)	Philippines	**100%**	100%	100%
Bhavana Properties, Inc. (Bhavana)	Philippines	**100%**	100%	100%
Bhavya Properties, Inc. (Bhavya)	Philippines	**100%**	100%	100%
Pradhana Land, Inc. (Pradhana)	Philippines	**100%**	100%	100%
Cebu Lavana Land Corp. (CLLC)	Philippines	**60%**	60%	60%
Kashtha Holdings, Inc. (KHI)	Philippines	**60%**	60%	100%
Savya Land Development Corporation (SLDC)*	Philippines	**59%**	59%	98%

**Indirectly owned thru KHI*

All of the subsidiaries were established to engage primarily in real estate development and property leasing, except for EPMI which is a property management company and KHI which is an investment holding company.

In March 2018, the Parent Company and Help Holdings Inc. (HHI) (collectively referred to as the Parties) entered into an agreement (the Agreement) to jointly develop the adjacent lots (the Property) of SLDC and Arcosouth Development Inc. (ADI), the subsidiary of HHI, aggregating 5,991 square meters (sqm) located in Arca South, Taguig City. The Parties agreed, among others to merge SLDC and Arcosouth into a single corporation, with SLDC as the surviving entity. The merger of SLDC and Arcosouth was approved by the SEC on August 22, 2019.

Also, in August 2019, ALCO and Mitsubishi Estate Company, Limited (MEC), a corporation duly organized and existing under the laws of Japan, have agreed to invest in, establish and maintain a joint venture company to be owned 60% by ALCO and 40% by MEC which will (i) acquire and, thereafter, own and hold the 50% ownership in SLDC, and (ii) acquire by assignment the shareholder's advances made by ALCO to SLDC. On October 1, 2019, ALCO incorporated KHI as the designated joint venture company.

In 2020, ALCO transferred all of its shares in SLDC, representing 98.5% ownership over SLDC, to KHI. Then in June 2020, ALCO sold 5 million common shares in KHI with total par value of ₱5.0 million, representing 40% ownership over KHI, to MEC for ₱275.0 million (see Note 16). The transfer of KHI's shares decreased the effective ownership of ALCO over SLDC from 98% to 59%.

In 2019, the Parent Company subscribed to 100% shares of Bhavana, Bhavya and PLI.

Major Projects

ALCO's first major development project is the Arya Residences Towers 1 and 2 (Arya Residences) located in BGC, Taguig City. Arya Residences is the first top-market residential condominium development in the Philippines to be awarded the US Green Building Council's (USGBC) Leadership in Energy and Environmental Design (LEED) program Gold certification and a 4- star rating from the Philippine Green Building Council's (PHILGBC) Building for Ecologically Responsive Design Excellence (BERDE) program. The Arya Residences was completed on December 31, 2016.

In 2014, the Parent Company started the construction of Arthaland Century Pacific Tower (ACPT) in BGC, ALCO's flagship office project. ACPT is a 30-storey AAA-grade office building designed by SOM New York, the same group that penned the One World Trade Center and Burj Khalifa in Dubai. ACPT secured the LEED Platinum and BERDE 5-star certification in 2018. ACPT became the first office building in the Philippines to secure the dual certification of the highest rating from USGBC LEED as Platinum and PHILGBC's BERDE as 5-star rated. It is registered with the Philippine Economic Zone Authority (PEZA) as an Ecozone Facilities Enterprise and was completed in the 1st quarter of 2019.

In 2016, CLLC commenced the development of Cebu Exchange Project (Cebu Exchange), a 38-storey office building in Barangay Lahug, Cebu City. The Cebu Exchange was awarded the LEED Program Gold certification. Similarly, the project was also awarded a 5-star certification from the BERDE rating system of the PHILGBC. Besides being designed to be a world-class workplace, Cebu Exchange is envisioned to be a complete ecosystem, with four retail floors for the convenience of its occupants. With a gross floor area of 108,564 sqm, Cebu Exchange boasts of being the largest green building in the country. The construction of Cebu Exchange commenced in the second quarter of 2018 and is expected to be completed in 2021.

In 2018, Cazneau started the construction of the first phase of Sevina Park, an integrated community project in an eight-hectare property in Laguna. The initial development called Courtyard Hall, covering the first 4,000 sqm of the property, is a campus-type or dormitory-type residential community. This was completed in June 2019. Also, in June 2019, Cazneau launched the Garden Villas at Sevina Park which cater to students and faculty population, and starter families within the area. The entire project, which will include retail spaces, is expected to be completed in phases within 2021 to 2024.

In December 2018, ZLDC acquired about 47.4% of a 2,018-sqm property located along Antonio Arnaiz Avenue within the Makati Central Business District. On this site, ZLDC, together with the party that has acquired the remaining 52.6% of the property, plans to develop a high-rise luxury residential property subject to the finalization of the terms of the joint venture.

In February 2019, SLDC launched the development of Savya Financial Center. This project is composed of two office towers with a gross floor area of 59,763 sqm and located in Arca South, Taguig

City. The North Tower (of the Savya Financial Tower) is expected to be completed in 2021 while the South Tower is expected to be completed in 2022.

In August 2019, Bhavya started acquiring a prime property located inside the Makati Central Business District. Bhavya intends to develop the property into a high-end residential condominium. The property is approximately 1,000 sqm and is expected to be developed into approximately 15,000 sqm of GFA and approximately 11,000 sqm of NSA.

Also in August 2019, Bhavana purchased a prime property with a total area of 2,245 sqm, located in Cebu Business Park at the Corner Samar Loop Road and Ayala, Hipodromo, Cebu City. The property will be developed into the first premier, dual certified, sustainable residential condominium in Cebu City. The project is expected to be launched in the 1st half of 2021.

Approval of the Interim Consolidated Financial Statements

The interim consolidated financial statements of the Group as at and for the three (3) months ended March 31, 2021 were approved and authorized for issue by the Board of Directors (BOD) on May 5, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The interim consolidated financial statements as of March 31, 2021 and December 31, 2020 and for the three months ended March 31, 2021 and 2020 have been prepared in compliance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*. They do not include all of the information and disclosures required in the annual audited consolidated financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended December 31, 2020.

Measurement Bases

The interim consolidated financial statements are presented in Philippine Peso, the Group's functional and presentation currency. Functional currency is the currency of the primary economic environment in which the Group operates. All values are stated in absolute amounts, unless otherwise indicated.

The interim consolidated financial statements of the Group have been prepared on a historical cost basis, except for fair value through profit or loss (FVPL) and investment properties that are carried at fair values and net retirement liability which is carried at the present value of the defined benefit obligation at the end of the reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for assets and fair value consideration received in exchange for incurring liability.

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 or 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 by the Group.

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

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

When measuring the fair value of an asset or a liability, the Group uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Group (working closely with external qualified valuers) using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset or liability that market participants would take into account.

Further information about assumptions made in measuring fair values is included in the following:

- Note 3 - Significant Accounting Judgments, Estimates and Assumptions
- Note 5 - Financial Assets at FVPL
- Note 9 - Investment Properties
- Note 27 - Fair Value Measurement

Fair values are categorized into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognized by the Group at the end of the reporting period during which the change occurred.

Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Group adopted effective for annual periods beginning January 1, 2020:

- Amendments to References to the Conceptual Framework in PFRS – The amendments include a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance - in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurements uncertainty in financial reporting. The amendments should be applied retrospectively unless retrospective application would be impracticable or involve undue cost or effort.

- Amendments to PFRS 3 - *Definition of a Business* – This amendment provides a new definition of a "business" which emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. To be considered a business, 'an integrated set of activities and assets' must now include 'an input and a substantive process that together significantly contribute to the ability to create an output'. The distinction is important because an acquirer may recognize goodwill (or a bargain purchase) when acquiring a business but not a group of assets. An optional simplified assessment (the concentration test) has been introduced to help companies determine whether an acquisition is of a business or a group of assets.

- Amendments to PAS 1, *Presentation of Financial Statements* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material* – The amendments clarify the definition of "material" and how it should be applied by companies in making materiality judgments. The amendments ensure that the new definition is consistent across all PFRS standards. Based on the new definition, an information is "material" if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

Effective for annual periods beginning on or after January 1, 2021:

- SEC Memorandum Circular No. 3, Series of 2018, *PIC Q&A No. 2018-14: PFRS 15 - Accounting for Cancellation of Real Estate Sales* – Upon sales cancellation, the repossessed inventory would be recorded at fair value plus cost to repossess (or fair value less cost to repossess if this would have been opted).

Under prevailing circumstances, the adoption of the foregoing amended PFRS did not have any material effect on the consolidated financial statements. Additional disclosures were included in the notes to consolidated financial statements, as applicable.

Amended PFRS Issued But Not Yet Effective

Relevant amended PFRS which are not yet effective as at March 31, 2021 and have not been applied in preparing the consolidated financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2022:

- Amendments to PFRS 3, *Reference to Conceptual Framework* – The amendments replace the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendment included an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, or IFRIC 21, *Levies*, instead of the Conceptual Framework. The requirement would ensure that the liabilities recognized in a business combination would remain the same as those recognized applying the current requirements in PFRS 3. The amendment also added an explicit statement that contingent assets acquired in a business combination should not be recognized by an acquirer. The amendments should be applied prospectively.

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. The amendments 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 an entity first applies the amendment

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are fist applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity. Accordingly, the comparatives are not restated. Earlier application is permitted.

- Annual Improvements to PFRS 2018 to 2020 Cycle –

    - Amendments to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is 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 the lender on the other's behalf. The amendments apply 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 amendments. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2023 -

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted.

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 a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

- SEC Memorandum Circular No. 34, Series of 2020 - *Deferral of PIC Q&A No. 2018-12 and IFRIC Agenda Decision on Over Time Transfer of Constructed Goods PAS 23 - Borrowing Cost for Real Estate Industry* – The circular provides relief to the real estate industry by deferring the application of the provisions of the PIC Q&A No. 2018-12 with respect to the accounting for significant financing component and the exclusion of land in the calculation of percentage of completion (POC) and IFRIC agenda decision on over time transfer of constructed goods under PAS 23 - borrowing cost with respect to the accounting of capitalized borrowing cost, for another period of three (3) years or until 2023. Effective January 1, 2024, real estate companies will adopt PIC Q&A No. 2018-12, IFRIC agenda decision on over time transfer of constructed goods and any subsequent amendments thereof retrospectively or as the SEC will later prescribe.

The Group opted to defer the application guidelines of the provisions of the PIC Q&A No. 2018-12. Accordingly, revenue from real estate sales is not adjusted for the effect of the time value of money, and the total cost incurred and total estimated cost to complete including the cost of land.

Had the Group opted to adopt in full the guidance provided in PIC Q&A 2018-12, there would have been a decrease in revenue from real estate sales because of a lower POC rate. Moreover, the Group may have to recognize interest expense (income) if the buyers' payments are higher (lower) than the POC rate.

Moreover, the Group opted to defer the application guidelines of the provisions of the IFRIC agenda decision on over time transfer of constructed goods. Accordingly, borrowing costs on real estate for sale under construction are capitalized.

Had the Group opted to adopt in full the guidance provided in the IFRIC agenda decision on over time transfer of constructed goods, borrowing costs will be recognized as an expense when incurred.

The adoption of the foregoing amended PFRS, except for SEC Memorandum Circular (MC) No. 34, Series of 2020, is not expected to have any material effect on the consolidated financial statements. The Group is still assessing the potential impact of SEC MC No. 34. Additional disclosures will be included in the notes to consolidated financial statements, as applicable.

Basis of Consolidation

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

- power over investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee affect its returns.

Subsidiaries are consolidated from the date of acquisition or incorporation, being the date on which the Parent Company obtains control, and continue to be consolidated until the date such control ceases.

The financial statements of the subsidiaries are prepared using the same reporting period of the Parent Company. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Intercompany balances and transactions, including intercompany profits and unrealized profits and losses, are eliminated in full.

A change in ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognized in profit or loss. If the Group retains interest in the previous subsidiary, then such interest is measured at fair value at the date control is lost. Subsequently, it is accounted for as an equity-accounted investee or as financial assets at FVOCI depending on the level of influence retained.

Non-controlling interest represents the portion of net assets and profit or loss not held by the Parent Company and is presented separately in the Group's consolidated statements of comprehensive income and within equity in the Group's consolidated statements of financial position, separate from equity attributable to equity holders of the Parent Company.

Financial Assets and Liabilities

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

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

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

In cases where there is no observable data on inception, the Group deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

Classification. The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at FVOCI. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Group's business model and its contractual cash flow characteristics.

As at March 31, 2021 and December 31, 2020, the Group does not have financial assets at FVOCI and financial liabilities at FVPL.

Financial Assets at FVPL. Financial assets at FVPL are either classified as held for trading or designated at FVPL. A financial instrument is classified as held for trading if it meets either of the following conditions:

- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

This category includes equity instruments which the Group had not irrevocably elected to classify at FVOCI at initial recognition. This category includes debt instruments whose cash flows are not "solely for payment of principal and interest" assessed at initial recognition of the assets, or which are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The Group may, at initial recognition, designate a financial asset meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these asset.

After initial recognition, financial assets at FVPL are subsequently measured at fair value. Unrealized gains or losses arising from the fair valuation of financial assets at FVPL are recognized in profit or loss.

As at March 31, 2021 and December 31, 2020, the Group classified its investments in money market fund under this category (see Note 5).

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is 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.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at March 31, 2021 and December 31, 2020, the Group's cash and cash equivalents, receivables (excluding accrued rent under straight-line basis of accounting), contract assets, amounts held in escrow, deposits and investment in time deposits are classified under this category.

Cash in banks are demand deposits with banks and earn interest at prevailing bank deposit rates. Meanwhile, cash equivalents are short-term highly liquid investments that are readily convertible into known amounts of cash, which are subject to an insignificant risk of changes in value and which have a maturity of three (3) months or less at acquisition.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at March 31, 2021 and December 31, 2020, the Group's loans and bonds payable, accounts payable and other liabilities (excluding statutory payables, payable to buyers and advance rent), contract liabilities and due to related parties are classified under this category.

Reclassification
The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income (OCI).

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Impairment of Financial Assets at Amortized Cost
The Group records an allowance for ECL 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. The difference is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables and contract assets, the Group has applied the simplified approach and has calculated ECL based on the lifetime ECL. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of the conditions at the reporting date, including time value of money, where appropriate.

For other financial assets measured at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Derecognition of Financial Assets and Liabilities

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

- the right to receive cash flows from the asset has expired;

- the Group retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- the Group has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Group's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is

measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Group could raise debt with similar terms and conditions in the market.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Assets and Liabilities
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statements of financial position.

Classification of Financial Instrument between Liability and Equity
A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;

- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or

- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Classification of Assets and Liabilities between Current and Noncurrent
The Group presents current and noncurrent assets, and current and noncurrent liabilities, as separate classifications in the notes to consolidated financial statements.

Current Assets. The Group classifies an asset as current when:

- It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- It holds the asset primarily for the purpose of trading;
- It expects to realize the asset within 12 months after the reporting period; or
- The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Otherwise, the Group will classify all other assets as noncurrent.

Current Liabilities. The Group classifies a liability as current when:

- It expects to settle the liability in its normal operating cycle;
- It holds the liability primarily for the purpose of trading;
- The liability is due to be settled within 12 months after the reporting period; or
- It does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Otherwise, the Group will classify all other liabilities as noncurrent.

Cost to Obtain a Contract with a Customer

The Group recognizes an asset for the incremental cost of obtaining a contract with a customer if the Group expects to recover those costs. Otherwise, those costs are recognized as expense when incurred. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract such as, but not limited to, sales commissions paid to sales agents and nonrefundable direct taxes incurred in obtaining a contract.

Contract Balances

Contract Assets. A contract asset represents the Group's right to a consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditioned on something other than a passage of time. If the Group transferred goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for that earned consideration that is conditional. Contract assets are reclassified to receivables from sale of real estate upon completion of the performance obligation. Contract assets pertain to unbilled receivables from sale of office units which is computed based on POC.

Receivables from Sale of Real Estate. A receivable from sale of real estate represents the Group's right to a consideration that is unconditional. A right to a consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Contract Liabilities. A contract liability represents the Group's obligation to transfer goods to a customer for which the Group has received a consideration from the customer. If a customer pays a consideration before the Group transfers goods 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.

Debt Issue Costs

Debt issue costs are considered as an adjustment to the effective yield of the related debt and are deferred and amortized using the effective interest rate method. When a loan is paid, the related unamortized debt issue costs at the date of repayment are recognized in profit or loss.

Real Estate for Sale

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

Cost includes acquisition cost plus any other directly attributable costs of developing the asset to its saleable condition and costs of improving the properties up to the reporting date. Directly attributable costs include amounts paid to contractors, borrowing costs, planning and designing costs, costs of site preparation and construction overheads.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less estimated costs to complete

and the estimated costs to sell. NRV in respect of land under development is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete the construction and less an estimate of the time value of money to the date of completion.

Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. When borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment, but only where activities necessary to prepare the asset for redevelopment are in progress.

Creditable Withholding Taxes (CWT)

CWT represents the amount withheld by the Group's customers in relation to its income. CWT can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation. These are carried at cost less any impairment in value.

Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business or for administrative purposes.

The Group uses fair value model for the accounting of its investment properties. Under this method, investment properties are initially measured at cost but are subsequently remeasured at fair value at each reporting date, which reflects market conditions at the reporting date. Cost comprises the purchase price and any directly attributable costs in developing and improving the properties. Cost also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met. The fair value of investment properties is determined using market data approach, income approach and cost approach by Asian Appraisal Company, Inc., a SEC-accredited real estate appraiser. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. For the purposes of these consolidated financial statements, in order to avoid double counting, the fair value reported in the consolidated financial statements is reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives and minimum lease payments.

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

Investment properties are derecognized when either those 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 consolidated statements of comprehensive income in the year of retirement or disposal.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and any impairment losses.

The initial cost of property and equipment consists of the purchase price, including import duties, borrowing costs (during the construction period) and other costs directly attributable to bring the asset to its working condition and location for its intended use. Cost also includes the cost of replacing parts of such property and equipment when the recognition criteria are met and the present value of the estimated cost of dismantling and removing the asset and restoring the site where the asset is located.

Expenditures incurred after the property and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally charged to operations in the year 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 additional costs of property and equipment.

Depreciation and amortization is calculated on a straight-line basis over the following estimated useful lives of the property and equipment:

Asset Type	Number of Years
Building and building improvements	50
Transportation and other equipment	3 to 5
Office equipment	3 to 5
Furniture and fixtures	3
Leasehold improvements	3 to 5 or lease term, whichever is shorter

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

Fully-depreciated assets are retained in the account until they are no longer in use and no further charge for depreciation is made in respect to those assets.

Construction in progress is stated at cost. This includes cost of construction and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are completed and available for operational use.

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 or loss in the year the asset is derecognized.

Other Assets

Other assets include advances for project development, input value-added tax (VAT), prepayments, amounts held in escrow, deposits, deferred input VAT, creditable withholding taxes (CWT), advances for asset purchase and materials and supplies.

Advances for project development. Advances for project development are recognized whenever the Group pays in advance for its purchase of goods or services. These are measured at transaction price less impairment in value, if any.

VAT. Revenues, expenses and assets are recognized net of the amount of VAT except:

- where VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- where receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the tax authority is included as part of "Other assets" or "Accounts payable and other liabilities" accounts, respectively, in the consolidated statements of financial position.

Prepayments. Prepayments are expenses paid in advance and recorded as assets before these are utilized. Prepayments are apportioned over the period covered by the payment and charged to profit or loss when incurred. Prepayments that are expected to be realized for no more than 12 months after the reporting period are classified as current assets. Otherwise, these are classified as noncurrent assets.

Deferred Input VAT. In accordance with the Revenue Regulation (RR) No. 16-2005, input VAT on purchases or imports of the Group of capital goods (depreciable assets for income tax purposes) with an aggregate acquisition cost (exclusive of VAT) in each of the calendar month exceeding ₱1.0 million are claimed as credit against output VAT over 60 months or the estimated useful lives of capital goods, whichever is shorter. Deferred input VAT represents the unamortized amount of input VAT on capital goods. Deferred input VAT that are expected to be claimed against output VAT for no more than 12 months after the financial reporting period are classified as current assets. Otherwise these are classified as noncurrent assets.

Where the aggregate acquisition cost (exclusive of VAT) of the existing or finished depreciable capital goods purchased or imported during any calendar month does not exceed ₱1.0 million, the total input VAT will be allowable as credit against output VAT in the month of acquisition.

Materials and Supplies. The Group recorded as assets several excess construction materials and supplies from the completed construction of its projects. Materials and supplies are stated at lower of cost and NRV.

Amounts held in escrow and deposits qualify as financial assets.

Creditable Withholding Taxes (CWT). CWT represents the amount withheld by the Group's customers in relation to its income. CWT can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation.

Impairment of Nonfinancial Assets

The carrying amounts of the Group's nonfinancial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's net recoverable amount is estimated.

Any impairment loss is recognized if the carrying amount of an asset or its cash-generating unit (CGU) exceeds its net recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets of the Group. Impairment losses are recognized in profit or loss in the period incurred.

The net recoverable amount of an asset is the greater of its value in use or its fair value less costs to sell. Value in use is the present value of future cash flows expected to be derived from an asset while fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss has been recognized.

Payable to Customers
Payable to customers consist of amounts received by the Group from its tenants as reservation fee for lease or downpayments received from prospective buyers. These are recorded at face amount in the consolidated statements of financial position. These will be applied as security deposits upon execution of the lease contracts or against the total contract price of the real estate sale upon execution of contract to sell.

Advance Rent
Advance rent are initially recognized at the value of cash received, and will generally be applied as lease payments to the immediately succeeding months or in the last three (3) months of the lease term.

Capital Stock

Common Stock. Common stock is measured at par value for all shares issued.

Preferred Stock. The Group's preferred stocks are cumulative, nonvoting, nonparticipating and nonconvertible. Preferred stock is classified as equity if this is nonredeemable, or redeemable only at the Group's option, and any dividends thereon are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the BOD of the Parent Company.

Preferred stock is classified as a liability if this is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in profit or loss as accrued.

Additional Paid-in Capital
Additional paid-in capital is the proceeds and/or fair value of considerations received in excess of par value of the subscribed capital stock. Incremental costs incurred directly attributable to the issuance of new shares are recognized as deduction from equity, net of any tax. Otherwise, these are recognized as expense in profit or loss.

Retained Earnings
Retained earnings represent the cumulative balance of net income or loss, net of any dividend declaration and prior period adjustments.

Other Comprehensive Income (OCI)
Other components of equity comprise of items of income and expense that are not recognized in profit or loss for the year. Other comprehensive income pertains to cumulative remeasurement gains (losses) on net retirement liability.

Parent Company's Shares Held by a Subsidiary
Shares of the Parent Company held by a subsidiary are carried at cost and are deducted from equity. No gain or loss is recognized on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Non-controlling Interests
Non-controlling interests represent the portion of net results and net assets not held by the Parent Company. These are within equity presented in the consolidated statements of financial position, separately from equity attributable to equity holders of the Parent Company and are separately disclosed in the consolidated statements of income and consolidated statements of comprehensive income. Non-controlling interests consist of the amount of those interests at the date of original business combination and the non-controlling interests' share on changes in equity since the date of the business combination.

Basic and Diluted Earnings Per Share (EPS)

Basic EPS is computed by dividing the net income for the period attributable to common equity holders of the Parent Company by the weighted average number of issued and outstanding and subscribed common shares during the period, with retroactive adjustment for any stock dividends declared.

Diluted EPS is computed in the same manner, adjusted for the effects of any potentially dilutive convertible securities.

Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Group perform its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

Revenue from contracts with customers is recognized when control of the goods and services is transferred to the customer in an amount that reflects the consideration to which the Group expected to be entitled in exchange for those goods and services.

The Group also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Group has assessed that it acts as a principal in all of its revenue sources.

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

Revenue from Real Estate Sales. Revenue from the sale of completed real estate project is accounted for using the full accrual method in which revenue is recognized at a point in time when control is transferred to a customer. The Group transfers control of real estate for sale under pre-completion contracts over time and, therefore, satisfies the performance obligations under the contract and recognizes revenue over time.

The Group considers a contract to sell as a valid revenue contract. The Group also assesses the probability that it will collect the consideration under the contract prior to recognizing revenue. This assessment is based on the customer's ability and intention to pay the amount of consideration when it is due. If any of the above criteria is not met, the deposit method is applied until all the conditions for recognizing revenue are met.

The Group recognizes revenue from real estate sales under pre-completion contracts based on POC using the input method in which revenue is recognized on the basis of costs incurred up until the end of the reporting period as a proportion of total costs expected to be incurred.

The Group opted to defer the application guidelines of the provisions of the PIC Q&A No. 2019-12 with respect to the accounting for significant financing component, uninstalled materials and the exclusion of land in the computation of POC for a period of three (3) years.

Accordingly, the consideration is not adjusted for the effects of the time value of money, and the total cost incurred and total estimated cost to complete including the cost of land.

For income tax purposes, full recognition is applied when more than 25% of the selling price has been collected in the year of sale. Otherwise, the installment method is applied.

Leasing Revenue. Leasing revenue consists of rent income and common use service area (CUSA) fees. Rent income arising from operating leases on investment properties is recognized on a straight-line basis over the lease terms, except for contingent rental income, which is recognized in the period that it arises. Tenant lease incentives are recognized as a reduction of rental income on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with

any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, management is reasonably certain that the tenant will exercise that option. CUSA fees are recognized as income once earned. These are charged monthly and are based on the lessee's proportionate share on the common areas.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognized in profit or loss when the right to receive those amounts arises.

Project Management Fees. Revenue is recognized in profit or loss when the related services are rendered.

Interest Income. Interest income is recognized as the interest accrues, taking into account the effective yield on the asset.

Other Income. Income from other sources is recognized when earned during the period.

Cost and Expenses Recognition

Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

Cost of Real Estate Sales. Cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of condominium units sold before the completion of the development is determined on the basis of the acquisition cost of the land plus its full development costs, which include estimated costs for future development works.

Cost of Leasing Operations. Cost of leasing operations, which constitute direct cost incurred in relation to the leasing of properties of the Group which includes ACPT, Cazneau's dormitory units and MPI's commercial units, is recognized as expense when incurred.

Cost of Services. Cost of services, which constitute direct cost incurred in relation to EPMI's provision of property management services is recognized as expense when services are rendered.

Operating Expenses. Operating expenses constitute cost of administering the business and cost incurred to sell and market its products and services. These are recognized as incurred.

Finance Costs. Finance costs are recognized in profit or loss using the effective interest method.

Leases

The Group assesses whether the contracts is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Group assesses whether, throughout the period of use, it has both of the following:

i. the right to obtain substantially all of the economic benefits from use of the identified asset; and,

ii. the right to direct the use of the identified asset.

If the Group has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Group also assesses whether a contract contains a lease for each potential separate lease component.

The Group as a Lessor. Leases where the Group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which these are earned.

Employee Benefits

Short-term Benefits. The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits. The Group has a funded, non-contributory defined benefit plan covering all qualified employees. The retirement benefits cost is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Group recognizes service costs, comprising of current service costs, past service costs and net interest expense or income in profit or loss. Net interest is calculated by applying the discount rate to the net retirement liability or asset.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment, and the date that the Group recognizes restructuring-related costs.

Remeasurements pertaining to actuarial gains and losses and return on plan assets 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 in trust and managed by a trustee bank. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. The fair value of the plan assets is based on the market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the retirement 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 net retirement asset (liability) is the aggregate of the present value of the defined benefit obligation and the fair value of plan assets against which the obligations are to be settled directly, adjusted for any effect of asset ceiling. The present value of the retirement obligation is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability. The asset ceiling is the present value of future economic benefits available in the form of refunds from the plan or reductions in future contribution to the plan.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

Foreign Currency - Denominated Transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at reporting date. Resulting exchange differences arising on the settlement of or on translating such monetary assets and liabilities are recognized in profit or loss.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforwards of unused MCIT and NOLCO can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

The carrying amount of deferred 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 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 the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are applicable to 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.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Most changes in deferred tax assets or deferred tax liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax relating to items recognized outside profit or loss is recognized under OCI and outside profit or loss.

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

Related Party Transactions and Relationships

Related party transactions are transfer of resources, services or obligations between the Group and its related parties, regardless whether a price is charged. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related parties in an economically comparable market.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These includes: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates; (c) individuals owning, directly

or indirectly, an interest in the voting power of the investee that gives them significant influence over the investee and close members of the family of any such individual; and, (d) the Parent Company's funded retirement plan.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

The key management personnel of the Group are also considered to be related parties.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment reporting a strategic business unit that offers different products and serves different markets. Financial information on the Group's business segments is presented in Note 28 to the interim consolidated financial statements.

Provisions and Contingencies
Provisions are recognized when the Group has a present legal or constructive obligation 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. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including risks and uncertainties associated with the present obligation. 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 the end of each reporting period and adjusted to reflect the current best estimate.

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements 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 in the notes to consolidated statements of financial position when an inflow of economic benefits is probable.

Events After the Reporting Period
Any post-year-end event that provides additional information about the Group's financial position at the end of the reporting period (adjusting event) is reflected in the consolidated financial statements. Post-year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of asset, liabilities, income and expenses. The accounting estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Determining Functional Currency. Based on management's assessment, the functional currency of the Group has been determined to be Philippine Peso, the currency of the primary economic environment in which the Group operates. It is the currency that mainly influences the operations of the Group.

Classifying Financial Instruments. The Group exercises judgment in classifying financial instruments in accordance with PFRS 9. The Group exercises judgment in classifying a financial instrument, or its component parts, on initial recognition as either a financial asset, a financial liability or an equity instrument in accordance with the Group's business model and its contractual cash flow characteristics and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statements of financial position.

Determining Control or Joint Control over an Investee Company. Control is presumed to exist when an investor 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. On the other hand, joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Group has determined that by virtue of the Parent Company's majority ownership of voting rights in its subsidiaries as at March 31, 2021 and December 31, 2020, it has the ability to exercise control over these investees.

Determining Revenue and Cost Recognition. Selecting an appropriate revenue recognition method for a particular real estate transaction requires certain judgments based on the buyer's commitment on the sale which may be ascertained through the significance of the buyer's initial investment and completion of development.

The Group recognizes revenue over time if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group performance as the entity performs.

- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The Group concluded that revenue from real estate sale of office units of Cebu Exchange and Savya Financial Center and sale of residential units in Sevina Park is recognized over time. The Group also determined that input method is the appropriate method in measuring the POC of Cebu Exchange, Savya Financial Center and Sevina Park. Under POC, the Group satisfies its performance obligation to deliver a portion of the property to the customer over time. The input method is based on the costs incurred up until the end of the reporting period as a proportion of total costs expected to be incurred. Changes in estimates may affect the reported amounts of revenue, cost of real estate sales, contract assets and contract liabilities. On the other hand, revenue from sale of condominium units of Arya Residences is recognized at a point in time, when control is transferred.

Classifying Real Estate for Sale, Investment Properties and Property and Equipment. The Group determines whether a property qualifies as a real estate for sale, an investment property or an item of property and equipment. In making its judgment, the Group considers whether the property is held for sale in the ordinary course of business, held primarily to earn rentals or capital appreciation or both, or used for operations and administrative purposes by the Group.

Determining Highest and Best Use of Investment Properties. The Group determines the highest and best use of its investment properties when measuring fair value. In making its judgment, the Group takes into account the use of the investment properties that is physically possible, legally permissible and financially feasible. The Group has determined that the highest and best use of the investment properties is their current use.

Determining Lease Commitments - Group as Lessor. The Group determines the highest and best use of its investment properties when measuring fair value. In making its judgment, the Group takes into account the use of the investment properties that is physically possible, legally permissible and financially feasible. The Group has determined that the highest and best use of the investment properties is their current use.

Classifying Lease Commitments - Group as a Lessee. The Group has entered into lease agreements as a lessee. For these leases, the Group availed of the exemption for short-term leases with term of 12 months or less. Accordingly, lease payments on short-term leases were recognized as expense on a straight-line basis over the lease term.

Assessing Provisions and Contingencies. The Group evaluates legal and administrative proceedings to which it is involved based on analysis of potential results. Management and its legal counsels do not believe that any current proceedings will have material adverse effects on its consolidated financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in estimates or in the effectiveness of strategies relating to these proceedings.

Accounting Estimates and Assumptions

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

Recognizing Revenue and Cost of Real Estate Sales. The Group's revenue and cost recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue and cost. Revenue and cost of sale of real estate of Cebu Exchange, Savya Financial Center and Sevina Park recognized based on POC are measured principally based on the costs incurred up until the end of the reporting period at a proportion of total costs expected to be incurred.

Estimating Fair Value of Investment Properties. Investment properties are measured at fair values. The Group works closely with external qualified valuers who performed the valuation using appropriate valuation techniques. The appraiser used a valuation technique based on comparable market data adjusted as necessary to reflect the specific assets' location and condition and, estimated expected future cash flows, yields, occupancy rates, discount rates, replacement costs and remaining economic life. The valuation techniques and inputs used in the fair value measurement of investment properties are disclosed in Note 9 to the consolidated financial statements.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the investment properties and the level of the fair value hierarchy.

Determining NRV of Real Estate for Sale. Real estate for sale is stated at lower of cost or NRV. NRV for completed real estate for sale is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group in the light of recent market transactions. NRV in respect of real estate assets under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete the 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.

Assessing ECL on Trade Receivables and Contract Assets. The Group initially uses a provision matrix based on historical default rates for trade receivables. The provision matrix specifies provision rates depending on the number of days that a receivable is past due. The Group then calibrates the provision matrix to adjust historical credit loss experience with forward-looking information on the basis of current observable data to reflect the effects of current and forecasted economic conditions.

The Group adjusts historical default rates if forecasted economic conditions such as gross domestic product are expected to deteriorate which can lead to increased number of defaults in the real estate industry. The Group regularly reviews the methodology and assumptions used for estimating ECL to reduce any differences between estimates and actual credit loss experience.

The determination of the correlation between historical default rates and forecasted economic conditions is a significant estimate. Accordingly, the provision for ECL of receivable from real estate sales is sensitive to changes in assumptions about forecasted economic conditions.

The Group's exposure to risk of default is mitigated by the requirement that title to real estate for sale is transferred to the buyer only upon full payment of the contract price.

Assessing ECL on Other Financial Assets at Amortized Cost. The Group determines the allowance for ECL based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12-months unless there has been a significant increase in credit risk since initial recognition in which case ECL are provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- actual or expected external and internal credit rating downgrade;
- existing or forecasted adverse changes in business, financial or economic conditions;
- actual or expected significant adverse changes in the operating results of the borrower; and
- significant changes in credit spread, rates or terms such as more stringent covenants and increased amount of collateral or guarantees.

The Group also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

Determining Fair Value of Investment in Money Market Fund. The Group classifies its investment in money market fund as financial asset at FVPL in the consolidated statements of financial position. The Group determined the fair value of investment in money market fund using available market prices in active markets for identical assets (Level 1). Any changes in the fair value of this financial asset would affect profit or loss.

Estimating Useful Lives of Property and Equipment. The Group reviews annually the estimated useful lives of property and equipment based on expected asset's utilization, market demands and future technological development. It is possible that the factors mentioned may change in the future, which could cause a change in estimated useful lives. A reduction in estimated useful lives could cause a significant increase in depreciation and amortization of property and equipment.

Assessing Impairment of Nonfinancial Assets. The Group assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In assessing whether there is any indication that an asset may be impaired, the Group considers the external and internal sources of information. External sources of information include but are not limited to unexpected significant decline in market value and any other significant changes with an adverse effect on the Group, whether it had taken place during period or will take place in the near future in the market, economic or legal environment in which the entity operates or in the market to which the asset is dedicated. Internal sources of information include evidence of obsolescence or physical damage on an asset, significant changes with an adverse effect on the Group whether it had taken place during the period, or are expected to take place in the near future, to the extent to which, or

in a manner in which, an asset is used or is expected to be used, and any other evidence that indicates that the economic performance of an asset is, or will be, worse than expected.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. The fair value less cost to sell 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 continuing use of an asset and from its disposal at the end of its useful life.

Value in use is determined as the present value of estimated future cash flows expected to be generated from the continued use of the assets. The estimated cash flows are projected using growth rates based on historical experience and business plans and are discounted using pretax discount rates that reflect the current assessment of the time value of money and the risks specific to the asset.

Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs.

Estimating Retirement Expense. The determination of the Group's obligation and cost for pension and other retirement benefits is dependent on selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 22 to the consolidated financial statements and include among others, discount rate and salary increase rate. While the Group believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions materially affect net retirement liability.

Assessing Realizability of Deferred Tax Assets. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences and carryforward benefits of unused MCIT and NOLCO is based on the projected taxable income in the following periods. Based on the projection, not all future deductible temporary differences will be realized, therefore, only a portion of deferred tax assets was recognized.

4. CASH AND CASH EQUIVALENTS

This account consists of:

	March 2021	December 2020	March 2020
Cash on hand	**185,000**	155,000	80,000
Cash in bank	**342,331,510**	581,633,212	1,576,320,508
Cash equivalents	**410,925,446**	359,291,262	1,233,611,021
	753,441,956	941,079,474	2,810,011,529

Cash in banks earn interest at prevailing bank deposit rates and are immediately available for use in the current operations. Cash equivalents are made for varying periods up to three (3) months or less and earn interest at the respective prevailing short-term investment rates.

5. FINANCIAL ASSETS AT FVPL

Financial assets at FVPL amounting to ₱3,393.6 million and ₱3,257.3 million as at March 31, 2021 and December 31, 2020, respectively, represent units of participation in a money market fund held by the Group for short-term use and working capital purposes.

Financial assets at FVPL include unrealized gains amounting to ₱1.71 million and ₱3.07 million for the three months ended March 31, 2021 and 2020, respectively, and included as part of "Other income" account in the interim consolidated statements of comprehensive income. Realized gain on disposals

of financial assets at FVPL amounted to ₱3.10 million and ₱3.33 million for the three months ended March 31, 2021 and 2020, respectively (see Note 21).

The fair value of financial assets at FVPL is measured using Level 1 of the fair value hierarchy with significant directly observable inputs.

6. TRADE AND OTHER RECEIVABLES

This account consists of:

	March 2021	December 2020	March 2020
Trade receivables from:			
Sale of real estate	**275,611,262**	253,834,678	185,986,357
Leasing	**106,633,406**	88,911,921	60,756,319
Accrued rent receivables	**86,841,881**	89,557,339	96,478,991
Due from related parties	**49,129,508**	58,112,709	47,206,757
Interest receivable	**25,814,739**	22,733,591	11,799,567
Receivable from non-affiliated entity	**11,558,506**	11,534,432	11,515,808
Advances to employees	**9,934,599**	10,532,725	13,763,026
Other receivables	**7,906,227**	4,230,664	10,276,075
	573,430,128	539,448,059	437,782,900
Allowance for impairment losses	**(368,292)**	(368,292)	(368,292)
	573,061,836	539,079,767	437,414,608

The aging analysis of trade and other receivables are shown below:

		Past Due but Not Impaired				
	Neither Past Due nor Impaired	Within 6 months	7 months to 1 year	More than 1 year	Past due and impaired	**TOTAL**
Trade and other receivables	218,364,845	222,027,630	48,769,243	83,531,826	368,292	**573,061,836**

Trade receivables from sale of real estate pertain to receivables from sale of condominium units and residential townhouses that were already billed. These receivables are noninterest-bearing and generally collectible in monthly installments over a maximum period of three (3) years. Titles to the units sold under this arrangement are transferred to the buyers only upon full payment of the contract price. Trade receivables from leasing operations are noninterest-bearing, unsecured and collectible within seven (7) days.

Accrued rent receivable pertains to the difference between rental income recognized using straight-line method of accounting and rental payments based on the terms of the lease contracts.

Interest receivable includes accrual of interest from the Group's short-term placements.

Receivable from non-affiliated entity pertains to cash advances to non-affiliated entity, which is unsecured, noninterest-bearing and collectible on demand.

Advances to employees represent salary and other loans granted to employees which are noninterest-bearing in nature and collectible through salary deductions.

Other receivables mainly include other charges and advances which are noninterest-bearing and collectible on demand.

7. CONTRACT ASSETS AND CONTRACT LIABILITIES

The Group's contract assets and contract liabilities are as follows:

	March 2021	December 2020	March 2020
Contract assets	**5,516,897,363**	5,341,881,039	3,470,813,905
Contract liabilities	**31,500,193**	27,423,392	33,903,787
Net contract assets (liabilities)	**5,485,397,170**	5,314,457,647	3,436,910,118

Contract assets pertain to receivables from the sale of condominium units and residential townhouses of the Group representing the excess of cumulative revenues from real estate sales over billed amounts. These amounts will be billed and collected in accordance with the agreed payment terms with the buyers, which is normally up to maximum of five years. Increase in contract assets pertains to the additional booked units during the period.

Contract liabilities pertain to downpayments received from the real estate buyers at the inception of the contracts in which the related revenue is not yet recognized as at March 31, 2021 and December 31, 2020.

8. REAL ESTATE FOR SALE

This account consists of:

	March 2021	December 2020	March 2020
Raw land	**947,034,368**	947,034,368	2,392,320,781
Assets under construction	**5,118,506,855**	4,820,316,598	2,514,363,277
Condominium units for development	**1,130,905,066**	1,127,555,573	1,026,702,468
	7,196,446,289	6,894,906,539	5,933,386,526

Raw Land
Raw land pertains to parcels of land acquired by the Group for future development projects that are intended for sale.

Assets under Construction
Assets under construction consist of land and development costs of ongoing real estate projects of the Group. As at March 31, 2021, this account includes the land and development costs of Cebu Exchange, Savya Financial Center and Sevina Park (see Note 1).

Condominium Units for Development
Condominium units for development pertain to various condominium units in Makati City acquired by the Group and are intended for future development and for sale.

9. INVESTMENT PROPERTIES

This account consists of:

	March 2021	December 2020	March 2020
ACPT	**5,585,193,062**	5,586,840,650	4,680,465,950
Arya Residences:			
Commercial units	**1,194,379,000**	1,194,379,000	1,194,379,000
Parking slots	**183,222,248**	183,222,248	184,984,000
Raw Land:			
UPHI's Laguna and Tagaytay properties	**646,960,931**	646,948,931	603,819,006

	March 2021	December 2020	March 2020
Cazneau's retail spaces	**456,479,841**	361,039,841	291,875,908
ALCO's Batangas and Tagaytay properties	**155,897,388**	155,885,388	147,761,484
Courtyard Hall	**186,852,783**	186,852,783	181,206,686
	8,408,985,253	8,315,168,841	7,284,492,034

ACPT

Carrying amount of ACPT includes offices units and parking slots for lease. ACPT is used as collateral for loans payable amounting to ₱1,834.6 million and ₱1,858.7 million as at March 31, 2021 and December 31, 2020 (see Note 12).

Arya Residences' Commercial Units and Parking Slots

Retail units and parking slots in Arya Residences are used for leasing operations.

Raw Land

UPHI's raw land, with fair value amounting to ₱646.9 million as at March 31, 2021 and December 31, 2020 has a total area of 33 hectares and are located at Barangay Gonzalo Bontog, Calamba City and Barangay Calabuso, Tagaytay City. Portion of the UPHI's raw land was the subject of an expropriation proceedings filed by the National Power Corporation (NAPOCOR) with the Regional Trial Court of Calamba City, Laguna. The other parties to the case filed their respective appeals with the Court of Appeals (CA) assailing the amount of just compensation determined by the trial court. The appeal remains pending with the CA. Moreover, a complaint for quieting of title was filed by UPHI on October 18, 2010 because of the erroneous issuance of tax declarations by the City of Tagaytay covering UPHI's property located in Calamba City, Laguna. In June 2020, the case was decided by the trial court in favor of UPHI. The losing defendants in the case filed their respective appeals with the CA and UPHI filed its appellee's brief defending the decision of the trial court. The case remains pending with the CA. As at March 31, 2021 and December 31, 2020, the case with NAPOCOR is still ongoing and yet to be resolved by the CA. UPHI intends to amicably settle with the National Transmission Commission (NTC, successor-in-interest of NAPOCOR), since UPHI had already been deprived of effective use and enjoyment of the property. Management assessed that although the potential effect of this case on the Group's consolidated financial statements would not be significant, an amicable settlement with the NTC could allow the UPHI to recoup the cost of the property.

Raw land of the Parent Company has a total area of 10.3 hectares located in Batangas and Tagaytay with fair value aggregating ₱155.9 million as at March 31, 2021 and December 31, 2020.

Courtyard Hall

Courtyard Hall of Cazneau used for leasing operations were recognized at fair value amounting to ₱186.9 million as at March 31, 2021 and December 31, 2020.

Fair Value Measurement

Details of the valuation techniques used in measuring fair values of investment properties classified under Levels 2 and 3 of the fair value hierarchy are as follows:

Class of Property	Valuation Technique	Significant Inputs	**March 2021**	December 2020
ACPT	Discounted cash flow approach (DCF)	Rental rate for an office unit per square meter (sq.m.)	**₱1,500**	₱1,500
		Rental rate per parking slot	**₱6,000**	₱6,000
		Discount rate	**8.76%**	8.76%
		Vacancy rate	**0-10%**	0-10%
		Calculated no. of net leasable area (total sq. m.)	**18,059**	18,059
Arya Residences:				
Commercial units		Rental rate per square meter (sq.m.)	**₱3,000**	₱3,000

Class of Property	Valuation Technique	Significant Inputs	**March 2021**	December 2020
	Discounted cash flow approach	Rent escalation rate per annum (p.a.)	**7%**	7%
		Discount rate	**8.74%**	8.74%
		Vacancy rate	**2%**	2%
Parking slots	Discounted cash flow approach	Rental rate per slot	**₱6,500**	₱6,500
		Rent escalation rate p.a.	**7%**	7%
		Discount rate	**8.74%**	8.74%
		Vacancy rate	**2%**	2%
Raw Land:				
UPHI's Laguna and Tagaytay properties	Market data approach	Price per sq. m.	**₱1,950**	₱1,950
		Value adjustments	**10% - 15%**	10% - 15%
Cazneau's Laguna Properties	Market data approach	Price per sq. m.	**₱14,500**	₱11,300
		Value adjustments	**5% - 10%**	0% - 10%
ALCO's Batangas and Tagaytay properties	Market data approach	Price per sq. m.	**₱1,339**	₱1,339
		Value adjustments	**5% - 10%**	5% - 10%
Courtyard Hall	Depreciated replacement method	Estimated replacement cost	**₱143,117,000**	₱143,117,000
		Remaining economic life	**38 years**	38 years

Details of the valuation techniques used in measuring fair values of investment properties are as follows:

Discounted Cash Flow Approach
Under the DCF approach, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's estimated useful life including an exit or terminal value. As an accepted method within the income approach to valuation, the DCF approach involves the projection of a series of cash flows on a real property interest. An appropriate, market-derived discount rate is applied to projected cash flow series to establish the present value of the income stream associated with the investment property.

Periodic cash flows of investment properties are typically estimated as gross income less vacancy and operating expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

The frequency of inflows and outflows are contract and market-derived. The DCF approach assumes that cash outflows occur in the same period that expenses are recorded.

Sensitivity Analysis. Generally, significant increases (decreases) in rental rate per sq.m. or per slot and rent escalation rate p.a. in isolation would result in a significantly higher (lower) fair value measurement. Significant increases (decreases) in discount rate and vacancy rate in isolation would result in a significantly lower (higher) fair value measurement.

Market Data Approach
Market data approach involves the comparison of the UPHI's Laguna and Tagaytay properties, Cazneau's Laguna properties and ALCO's Batangas and Tagaytay properties to those that are more or less located within the vicinity of the appraised properties and are subject of recent sales and offerings. Adjustments were made to arrive at the market value by considering the location, size, shape, utility, desirability and time element.

The inputs to fair valuation are as follows:

- *Price per sq.m.* - estimated value prevailing in the real estate market depending on the location,

area, shape and time element.

- *Value adjustments* - adjustments are made to bring the comparative values in approximation to the investment property taking into account the location, size and architectural features among others.

Depreciated Replacement Cost Method
Depreciated replacement cost method is used to estimate valuation of Courtyard Hall by computing for the replacement cost of the assets and applying appropriate adjustments for physical deterioration and functional and economic obsolescence.

10. PROPERTY AND EQUIPMENT

The balances and movements of this account consist of:

	March 2021					
	Building and Building Improvements	**Transportation Equipment**	**Office Equipment**	**Furniture and Fixtures**	**Leasehold Improvements**	**Total**
Cost						
Balance at beginning of year	**245,553,426**	**81,884,580**	**61,863,122**	**25,272,784**	**78,500**	**414,652,412**
Additions	**-**	**1,608,304**	**84,605**	**-**	**-**	**1,692,909**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**
Reclassification	**-**	**-**	**-**	**-**	**-**	**-**
Balance at end of year	**245,553,426**	**83,492,884**	**61,947,727**	**25,272,784**	**78,500**	**416,345,321**
Accumulated Depreciation and Amortization						
Balance at beginning of year	**31,001,486**	**38,464,741**	**48,234,946**	**16,704,245**	**54,515**	**134,459,933**
Depreciation and amortization	**1,553,880**	**4,236,229**	**1,175,532**	**794,181**	**6,542**	**7,766,364**
Disposals	**-**	**-**	**-**	**-**	**-**	**-**
Balance at end of year	**32,555,366**	**42,700,970**	**49,410,478**	**17,498,426**	**61,057**	**142,226,297**
Carrying Amount	**212,998,060**	**40,791,914**	**12,537,249**	**7,774,358**	**17,443**	**274,119,024**

	December 2020					
	Building and Building Improvements	Transportation Equipment	Office Equipment	Furniture and Fixtures	Leasehold Improvements	Total
Cost						
Balance at beginning of year	236,920,371	66,811,178	57,040,879	15,255,826	78,500	376,106,754
Additions	8,633,055	20,376,945	4,822,243	10,016,958	–	43,849,201
Disposals	–	(5,303,543)	–	–	–	(5,303,543)
Balance at end of year	245,553,426	81,884,580	61,863,122	25,272,784	78,500	414,652,412
Accumulated Depreciation and Amortization						
Balance at beginning of year	7,367,916	27,905,539	43,469,345	14,785,891	28,348	93,557,039
Depreciation and amortization	23,633,570	14,829,025	4,765,601	1,918,354	26,167	45,172,717
Disposals	–	(4,269,823)	–	–	–	(4,269,823)
Balance at end of year	31,001,486	38,464,741	48,234,946	16,704,245	54,515	134,459,933
Carrying Amount	214,551,940	43,419,839	13,628,176	8,568,539	23,985	280,192,479

Depreciation and amortization on property and equipment were included as part of "Operating expenses" account in the interim consolidated statements of comprehensive income.

11. OTHER ASSETS

This account consists of:

	March 2021	December 2020	March 2020
Advances for project development	**539,007,292**	560,825,051	549,048,563
Input VAT	**637,140,013**	588,339,255	461,028,835

	March 2021	December 2020	March 2020
CWT	**402,532,953**	383,145,049	343,163,030
Advances for asset purchase	**209,361,707**	90,000,000	-
Prepayments	**195,930,899**	202,273,283	203,706,455
Amounts held in escrow	**85,052,814**	85,052,814	82,713,044
Deposits	**63,681,263**	56,072,105	67,623,334
Deferred input VAT	**20,632,623**	10,556,594	4,793,941
Materials and supplies	**1,341,909**	1,341,909	1,519,807
	2,154,681,473	1,977,606,060	1,713,597,009

Advances for project development pertain to downpayments made to contractors for the construction of the Group's real estate projects. These advances are applied against contractors' progress billings.

Advances for asset purchase pertain to advance payment made to a seller of land to be acquired by the Group.

Prepayments consist of rent, taxes, insurance and other expenses which are amortized over a year, and of prepaid commissions, amortized over the lease term for leasing and based on percentage of completion for selling.

Amounts held in escrow represents the debt service account required under existing loans with certain banks and the amount of which is equivalent to a quarterly principal and interest amortization.

Deposits pertain to utility deposits, deposits for professional services, and guarantee deposits for the construction of the Group's real estate projects. Deposits are settled upon completion of the documentary requirements.

Materials and supplies are the excess construction materials and supplies from the construction of completed real estate projects.

12. LOANS PAYABLE

This account consists of:

	March 2021	December 2020	March 2020
Local banks	**9,941,307,749**	9,220,969,353	7,762,845,635
Private funders	**84,723,970**	84,723,970	84,723,970
	10,026,031,719	9,305,693,323	7,847,569,605

Local bank loans

Loans from local banks consist of interest-bearing secured and unsecured loans obtained to finance project development and carries interest rates ranging from 5.00% to 7.00% per annum (p.a.) in 2021 and 5.00% to 8.00% p.a. in 2020.

Construction of Cebu Exchange

In 2017, CLLC entered into an OLSA for a credit line of ₱2,350.0 million with a local bank, to partially finance the development and construction of Cebu Exchange. Loan proceeds was received in several drawdowns within a period of three years after initial drawdown. The outstanding loan balance is secured by Cebu Exchange property and pledge of shares of ALCO and a non-controlling interest in CLLC.

Construction of ACPT
In 2015, the Parent Company entered into an OLSA for a credit line of ₱2,000.0 million, to partially finance the cost of construction and development of the ACPT. The outstanding loan balance is secured by the ACPT building and a security trust agreement covering the maintenance of revenue and operating accounts, project receivables and project agreements. As of March 31, 2021 and December 31, 2020, ALCO is required to maintain a current ratio of at least 1.50x and a debt to equity ratio of not more than 2.00x based on the consolidated financial statements of the Group. ALCO has current ratio of 2.24x and debt to equity ratio of 1.33x, based on its consolidated financial statements as at December 31, 2020, which is compliant with the financial covenants.

Acquisition of land and construction of Savya Financial Center
In 2018, SLDC entered into a MTL for a credit line of ₱1,440.0 million with a local bank, to partially finance the acquisition and development of its land in Taguig City and to repay advances from shareholders. This loan facility is secured by an unregistered real estate mortgage over a parcel of raw land of SLDC, corporate continuing suretyship of ALCO until the completion of construction of Savya Financial Tower 1 and 100% sale of units therein, and deposits in an escrow account (see Note 11).

Development of Green Projects
On February 14, 2020, ALCO entered into a term loan agreement of ₱1,000.0 million with a local bank to obtain financing for the Group' eligible green projects, including land banking, investments and refinancing in relation to eligible green projects. A drawdown of ₱1,000.0 million was made within the same year. ALCO is required to submit a regular disbursement report to the bank soon after the date the proceeds was utilized to confirm that the proceeds has been used for the eligible green projects.

Private Funders
Outstanding balances of the loans from private funders amounting to ₱84.7 million as at March 31, 2021 and December 31, 2020 have interest rate of 3.50% p.a., are unsecured and are for working capital requirements of the Group.

13. BONDS PAYABLE

Details of this account is as follows:

	March 2021	December 2020
Balance at beginning of the year	**3,000,000,000**	3,000,000,000
Unamortized debt issue cost	**(38,925,785)**	(41,473,302)
	2,961,074,215.00	2,958,526,698

In October 2019, the Board of Directors (BOD) of ALCO approved the filing of a registration statement for the shelf registration of ₱6.0 billion fixed rate ASEAN Green Bonds (the "Bonds") and the initial tranche of ₱2.0 billion bonds, with an oversubscription option of up to ₱1.0 billion.

In January 2020, the SEC approved the registration of the Bonds and the issuance of the initial tranche of the Bonds. On February 6, 2020, ALCO issued the initial tranche of the Bonds amounting to ₱2.0 billion with an oversubscription of ₱1.0 billion. It has a term ending five years from the issue date or on February 6, 2025, with a fixed interest rate of 6.35% p.a. and an early redemption option on the 3rd and 4th year from issue date. The proceeds of the initial tranche is for the development of eligible green projects and payment of certain outstanding loans of the Group.

The Group is required to maintain debt to equity ratio of not more than 2.00x and current ratio of at least 1.50x based on the audited consolidated financial statements. As at December 31, 2020, the Group is compliant with these financial ratios.

14. ACCOUNTS PAYABLE AND OTHER LIABILITIES

This account consists of:

	March 2021	December 2020	March 2020
Accounts payable	**264,082,451**	211,944,127	193,245,387
Deferred output VAT	**888,269,185**	885,587,128	730,973,665
Accrued expenses	**875,757,771**	1,036,029,673	621,099,946
Retention payable	**332,551,324**	392,975,986	427,899,827
Dividends payable	**203,227,525**	5,559,031	5,627,691
Payable to buyers	**113,668,220**	77,783,371	115,375,155
Security deposits	**87,700,090**	81,124,014	117,466,181
Advance rent	**43,170,084**	36,183,597	74,386,325
Construction bonds	**20,987,637**	29,108,948	-
Withholding taxes payable	**22,911,257**	26,663,745	15,522,121
Income tax payable	**5,182,516**	3,240,094	22,595,974
Others	**3,850,561**	6,744,247	3,247,637
	2,861,358,621	2,792,943,961	2,327,439,909

Accounts payable, which are noninterest-bearing and are normally settled within 30 days to one year, consist mainly of liabilities to contractors and suppliers.

Deferred output VAT pertains to VAT from sales of property on installments. If the payments in the year of sale do not exceed twenty-five percent (25%) of the gross selling price, the sale will be considered under installment, in which case VAT will be paid based on collections.

Accrued expenses are expected to be settled within the next 12 months. Other accrued expenses pertain to management and professional fees, utilities, commissions, advertising and other expenses.

Retention payable, which will be released after completion and satisfaction of the terms and conditions of the construction contract, pertains to amount retained by the Group from the contractors' progress billings for the real estate projects of the Group.

Payable to buyers include reservation fees and collections received from prospective lessees or buyers, which are and to be applied as security deposits upon execution of lease contracts or against the total contract price of the real estate sale.

Security deposits pertain to the deposits made by the lessees of the ACPT, Arya commercial units, and dormitory units which are refundable upon termination of the lease less any unsettled balances.

Advance rent pertains to the payments made in advance by the tenants to be applied to their rent payable in the immediately succeeding months or in the last three (3) months of the lease term.

Construction bonds represent noninterest-bearing deposits made by the lessees before the start of its construction in the ACPT and refundable upon fulfillment of contract provisions.

Other payables pertain to liabilities to SSS, PhilHealth and HDMF.

15. RELATED PARTY TRANSACTIONS

The company engages, in the normal course of business, in various transactions with its related parties which include entities under common control, key management and others.

Share Purchase Agreement

The Parent Company has an outstanding receivable from CPG amounting to ₱36.1 million as at March 31, 2021 and December 31, 2020 arising from a share purchase agreement between the Parent Company, CPG and AOCH1. Under the claw-back provision of the share purchase agreement, the Parent Company warrants the final resolution acceptable to CPG and its counsel with respect to the pending complaint involving the property owned by UPHI, which includes, among others, removing all doubt on the ownership of UPHI over the property. In the event the satisfactory evidence is submitted by the Parent Company to CPG, the latter shall pay to the Parent Company the entire claw-back amount or a portion thereof plus interest earned in which the claw-back amount was held in escrow.

Advances for Working Capital

This pertains to expenses advanced by the Group to the related parties. Outstanding balances of advances for working capital are unsecured, unguaranteed, collectible or payable on demand and to be settled in cash.

The Group's allowance for ECL on due from related parties amounted to nil as at March 31, 2021 and December 31, 2020.

Management Fee

Management fees are recognized for management consultancy, development and administrative services provided by CPG. Outstanding balances are unsecured, noninterest-bearing, payable on demand and to be settled in cash.

Compensation of Key Management Personnel

The compensation of key management personnel are as follows:

	March 2021 (Three Months)	December 2020 (Twelve Months)	March 2020 (Three Months)
Salaries and other employee benefits	**22,193,236**	89,599,050	19,729,513
Retirement benefits expense	**-**	24,095,262	-
	22,193,236	113,694,312	19,729,513

Transactions with the Retirement Plan

The Parent Company's retirement fund is administered and managed by a trustee bank. The fair value of plan assets, which are primarily composed of unit investment trust funds, amount to ₱50.9 million as at March 31, 2021 and December 31, 2020.

The retirement fund neither provides any guarantee or surety for any obligation of the Parent Company nor its investments covered by any restrictions or liens.

Advances for Non – controlling Interests

In addition to the advances from the Parent Company, CLLC obtained from Rock & Salt B.V. for its real estate projects. All outstanding balances are unguaranteed, unsecured, bearing interest at 3.5% per annum and payable on demand and in cash.

Moreover, SLDC received advances from related parties and expenses paid by related parties on behalf of SLDC. All outstanding balances are unsecured, noninterest-bearing, and payable on demand and in cash.

On June 1, 2020, the Parent Company assigned 40% of its advances to KHI amounting to ₱195.0 million, in favor of MEC, and bear interest of 3.5% per annum. These are unsecured, unguaranteed, and payable on demand and in cash.

The Group has the following transactions with the non-controlling interests:

	Nature of Relationship	Nature of Transaction	Amount of Transactions		Outstanding Balance	
			March 2021	December 2020	**March 2021**	December 2020
Due to Related Parties						
Help Holdings, Inc.	Non-controlling interest	Advances for project development	-	427,947,235	**495,919,597**	495,919,597
Rock & Salt B.V.	Non-controlling interest	Advances for project development	-	165,000,000	**676,666,700**	676,666,700
Mitsubishi Estate Company, Limited	Non-controlling interest	Advances for project development	-	195,000,000	**195,000,000**	195,000,000
			-	787,947,235	**1,367,586,297**	1,367,586,297

16. EQUITY

The details of the Parent Company's number of common and preferred shares follow:

	March 2021		December 2020	
	Preferred	**Common**	Preferred	Common
Authorized	**50,000,000**	**16,368,095,199**	50,000,000	16,368,095,199
Par value per share	**₱1.00**	**₱0.18**	₱1.00	₱0.18
Issued and outstanding	**42,500,000**	**5,318,095,199**	42,500,000	5,318,095,199

Preferred Shares

The rollforward analysis of the outstanding preferred shares is as follows:

	March 2021		December 2020	
	Number of shares	**Amount**	Number of shares	Amount
Issued and outstanding				
Balance at beginning of year	**42,500,000**	**₱42,500,000**	42,500,000	₱42,500,000
Issuance during the year	**-**	**-**	-	-
Balance at end of year	**42,500,000**	**42,500,000**	42,500,000	42,500,000
Parent Company's shares held by a subsidiary	**(12,500,000)**	**(12,500,000)**	(12,500,000)	(12,500,000)
	30,000,000	**₱30,000,000**	30,000,000	₱30,000,000

ALCO issued 12.5 million cumulative, nonvoting, nonparticipating and nonconvertible Peso-denominated preferred shares (the "Series A" preferred shares) to MPI and 30.0 million preferred shares (the "Series B" and "Series C" preferred shares) which are likewise cumulative, nonvoting, nonparticipating, and nonconvertible Peso-denominated, among other conditions, to the public at the issuance price of ₱100 a share at ₱1.00 par value a share. MPI acquired the 12.5 million Series A preferred shares at a ₱1.00 par value a share.

In 2019, the Parent Company recognized additional paid-in capital related to the issuance of Series C preferred shares amounting to ₱990.0 million arising from the excess of the proceeds over par value of the shares sold. Total cost incurred in the offering and issuance of Series C preferred shares to the public amounted to ₱14.2 million consisting of ₱1.7 million which was charged to profit or loss and ₱12.5 million which was recognized as reduction to additional paid-in capital.

Dividend Declaration

The Parent's Company's BOD and stockholders approved the following cash dividends to ALCO's stockholders:

Declaration Date	Stockholders of Record Date	Payment Date	Share	Amount	Dividend per Share
January 27, 2021	March 8, 2021	March 27, 2021	Series C preferred shares	17,319,000	1.73
January 27, 2021	February 15, 2021	March 6, 2021	Series B preferred shares	35,229,000	1.76
				₱ 52,548,000	

Declaration Date	Stockholders of Record Date	Payment Date	Share	Amount	Dividend per Share
October 21, 2020	December 4, 2020	December 27, 2020	Series C preferred shares	₱17,319,000	₱1.730
October 21, 2020	November 13, 2020	December 6, 2020	Series B preferred shares	35,229,000	1.760
August 5, 2020	September 4, 2020	September 27, 2020	Series C preferred shares	17,319,000	1.730
August 5, 2020	August 19, 2020	September 6, 2020	Series B preferred shares	35,229,000	1.760
June 26, 2020	July 10, 2020	July 31, 2020	Common shares	63,817,142	0.012
May 6, 2020	June 4, 2020	June 27, 2020	Series C preferred shares	17,319,000	1.730
May 6, 2020	May 21, 2020	June 6, 2020	Series B preferred shares	35,229,000	1.760
January 29, 2020	March 6, 2020	March 27, 2020	Series C preferred shares	17,319,000	1.730
January 29, 2020	February 14, 2020	March 6, 2020	Series B preferred shares	35,229,000	1.760
				₱274,009,142	

Other Equity Reserves

This account consists of:

	March 2021	December 2020	March 2020
Effect of change in the Parent Company's ownership interest in a subsidiary	**230,363,146**	229,500,000	(207,724)
Stock options outstanding	**-**	6,485,553	-
Cumulative remeasurement gains (losses) on net retirement liability - net of tax	**-**	(5,622,407)	-
	230,363,146	230,363,146	(207,724)

Effect of Change in the Parent Company's Ownership Interest in a Subsidiary
Excess of proceeds over the cost of disposed interest in a subsidiary pertains to the difference between the amount received by ALCO of ₱275.0 million, net of transaction costs and taxes of ₱40.5 million, for the sale of 40% of KHI's shares sold to MEC (see Note 1).

Stock Options Outstanding
On October 16, 2009, the stockholders approved the 2009 ALCO Stock Option Plan with the objective of providing material incentive to qualified employees of the Group. The total amount of shares which are available and may be issued for this purpose will amount to 10% of ALCO's total outstanding capital stock at any given time. The period during which a Qualified Employee may exercise the option to purchase such number of common shares granted to him/her will be three (3) years commencing after he or she has rendered the mandatory one year service to the Corporation in accordance with the following schedule:

i. Within the first 12 months from grant date - up to 33.33%
ii. Within the 13th to the 24th month from grant date - up to 33.33%
iii. Within the 25th to 36th month from grant date - up to 33.33%

On December 14, 2018, the BOD approved granting options equivalent to not more than 90.0 million common shares to its qualified employees. On June 26, 2020, the number of options granted and issued to qualified employees amounted to ₱55.4 million shares. The total fair value of stock options granted amounted to ₱6.5 million. The fair values of stock options granted are estimated on the date of grant using the Black-Scholes Merton (BSM) Formula taking into the account the terms and conditions upon which the options were granted. The BSM Formula utilized inputs namely; market value of the share, time to maturity, dividend yield, and risk free rate.

Fair value of each option at grant date is ₱0.14. Assumptions used to determine the fair value of the stock options are as follow:

Weighted average share price	₱0.65
Exercise price	₱0.50
Expected volatility	2.40%
Dividend yield	1.32%
Risk-free interest rate	1.35%

As at March 31, 2021 and December 31, 2020, none of the qualified employees have exercised their options.

Use of Proceeds

Series B

The estimated gross proceeds from the offer of Series B preferred shares amounted to ₱1,971.8 million. The actual net proceeds from the offer of the shares, after deducting the related expenses to the offer, amounted to ₱1,972.9 million and will accrue to the Group.

The following table shows the breakdown of the use of the proceeds:

In millions

Purpose	Per Offer Supplement	Actual Net Proceeds	Actual Disbursements			Balance for Disbursement
			As of 12/31/20	For Q1 2021	As of 03/31/21	
Cebu Exchange Project	53.6	53.6	53.6		53.6	-
Binan Laguna Project	331.9	331.9	314.1	17.8	331.9	-
Makati CBD Residential Project	371.6	371.6	371.6		371.6	-
Partial Repayment of Loans	330.0	330.0	330.0		330.0	-
South of Metro Manila Project	822.4	822.4	822.4		822.4	-
General Corporate Purposes	62.3	63.4	63.4		63.4	-
TOTAL	1,971.8	1,972.9	1,955.1	17.8	1,972.9	-

Series C

The estimated gross proceeds from the offer of Series C preferred shares amounted to ₱984.1 million. The actual net proceeds from the offer of the shares, after deducting the related expenses to the offer, amounted to ₱985.3 million. All proceeds were fully utilized as at December 31, 2019.

The following table shows the breakdown of the use of the proceeds:

In millions

Purpose	Per Offer Supplement	Actual Net Proceeds	Actual Disbursement as at 12/31/2019	Balance for Disbursement as at December 31, 2019
Cebu Residential Project	300.0	300.0	300.0	–
Makati CBD Residential Project 2	530.0	530.0	530.0	–
General corporate purpose	154.1	155.3	155.3	–
Total	**984.1**	**985.3**	**985.3**	**–**

17. REVENUES

The account consists of:

	March 2021 (Three Months)	December 2020 (Twelve Months)	March 2020 (Three Months)
Real estate sales of:			
Cebu Exchange	**179,269,805**	2,126,330,823	403,599,555
Savya Financial Center	**103,583,883**	713,085,853	81,749,551

	March 2021 (Three Months)	December 2020 (Twelve Months)	March 2020 (Three Months)
Sevina Park	**75,852,612**	79,707,222	-
Leasing revenue	**86,065,781**	371,576,866	89,156,620
Project Management fees	**4,129,318**	10,852,292	2,709,046
	448,901,399	3,301,553,056	577,214,772

Leasing revenue pertains to rent income and CUSA earned from various lease contracts of the Parent Company in ACPT, commercial units of MPI in Arya Residences and dormitory units in Courtyard Hall, in which rent income is recognized on a straight-line basis under PAS 17, *Leases*.

Project management fees pertain to services rendered by EPMI to the Arya Residences Condominium Corporation. The service contract has a term of seven (7) years commencing on December 1, 2014 for the management and maintenance of all common areas of Arya Residences.

18. COST OF SALES AND SERVICES

The account consists of:

	March 2021 (Three Months)	December 2020 (Twelve Months)	March 2020 (Three Months)
Cost of real estate sales	**202,526,476**	1,549,173,465	275,576,888
Cost of leasing operations	**29,671,042**	124,447,609	33,197,848
Cost of services	**2,258,868**	9,360,207	1,381,424
	234,456,386	1,682,981,281	310,156,160

19. OPERATING EXPENSES

Details of operating expenses by nature are as follows:

	March 2021 (Three Months)	December 2020 (Twelve Months)	March 2020 (Three Months)
Personnel costs	**49,365,507**	198,294,314	39,505,870
Advertising	**31,468,712**	79,149,719	18,768,655
Commissions	**23,085,622**	183,356,373	49,380,540
Management and professional fees	**14,325,151**	46,042,592	8,323,627
Taxes and licenses	**8,311,583**	41,876,882	5,479,710
Communication and office expenses	**8,095,297**	24,899,585	5,338,619
Depreciation and amortization	**7,766,364**	42,966,008	11,341,401
Insurance	**4,795,784**	15,268,232	3,855,002
Transportation and travel	**2,404,575**	17,880,159	6,179,225
Repairs and maintenance	**1,243,340**	3,550,213	875,659
Utilities	**849,179**	4,038,002	1,160,575
Rental	**459,547**	2,976,306	471,457
Representation	**14,128**	2,910,588	303,082
Others	**430,989**	17,013,458	562,650
	152,615,778	680,222,431	151,546,072

20. FINANCE COSTS

Finance costs relate to the following:

	March 2021 (Three Months)	December 2020 (Twelve Months)	March 2020 (Three Months)
Interest expense	**82,986,676**	278,898,562	67,117,719
Bank charges	**255,506**	2,285,398	183,964
	83,242,182	281,183,960	67,301,683

21. OTHER INCOME – NET

This account consists of:

	March 2021 (Three Months)	December 2020 (Twelve Months)	March 2020 (Three Months)
Forfeited collections	**3,499,529**	89,286	-
Realized gain on disposals of financial assets at FVPL	**3,097,859**	19,071,132	3,335,824
Unrealized holding gains on financial assets at FVPL	**1,714,368**	12,217,775	3,073,258
Interest income	**224,980**	9,379,745	231,952
Foreign exchange gains (losses)	**1,029**	(8,843)	-
Gain (loss) on disposal of property and equipment	**-**	(73,601)	-
Loss on sale of investment properties	**-**	(461,752)	-
Others	**354,582**	2,026,461	804,535
	8,892,347	42,240,203	7,445,569

22. RETIREMENT LIABILITY

The Parent Company has a funded and non-contributory defined benefit retirement plan covering all of its qualified employees. The retirement benefits are based on years of service and compensation on the last year of employment as determined by an independent actuary. The normal retirement age is 60 with a minimum of five years of credited service. The plan also provides for an early retirement at age 50 with minimum of five years of credited service or late retirement after age 60, both subject to the approval of the Company's BOD.

The plan is exposed to interest rate risks and changes in the life expectancy of qualified employees. The plan is not exposed to significant concentrations of risk on the plan assets.

There are no unusual or significant risks to which the retirement liability exposes the Parent Company. However, in the event a benefit claim arises under the retirement liability, the benefit shall immediately be due and payable from the Parent Company.

Movements in the present value of retirement liability are as follows:

	March 2021	December 2020	March 2020
Balance at beginning of period	**101,496,418**	99,880,460	99,880,460
Retirement expense:			
Current service cost	**7,513,995**	18,666,937	2,335,655

Interest cost	-	5,213,760	-
Past service cost	-	-	-
Remeasurement loss	-	7,735,261	-
Contribution to retirement plan assets	-	(30,000,000)	-
Balance at end of period	**109,010,413**	101,496,418	102,216,115

23. INCOME TAXES

The components of income tax expense are as follows:

	March 2021	December 2020	March 2020
Reported in Profit or Loss			
Current income tax expense:			
RCIT	**1,975,870**	11,650,910	2,975,423
MCIT	**(1,241,688)**	9,901,241	2,636,605
Final taxes	**663,171**	6,065,051	737,694
Gross income tax (GIT)	**987,341**	2,399,074	581,499
	2,384,694	30,016,276	6,931,221
Deferred income tax expense	**(273,923,484)**	460,254,146	10,317,521
	(271,538,790)	490,270,422	17,248,742
Reported in OCI			
Deferred tax benefit related to remeasurement losses on net retirement liability	-	2,320,578	-

Deferred Tax Assets and Deferred Tax Liabilities

The components of the Group's recognized deferred tax assets and deferred tax liabilities are as follows:

	March 2021	December 2020	March 2020
Deferred tax assets:			
NOLCO	174,996,714	186,618,977	87,138,467
Retirement liability	27,252,604	30,448,926	30,664,835
Advance rent	6,979,976	8,608,314	13,326,265
Excess MCIT over RCIT	14,465,212	15,706,900	8,442,264
Unrealized foreign exchange loss	361	2,654	181,536
Allowance for impairment losses	92,073	110,488	110,488
	223,786,940	241,496,259	139,863,855
Deferred tax liabilities:			
Cumulative gain on change in fair value of investment properties	1,199,851,718	1,415,105,254	1,127,340,036
Excess of financial over taxable gross profit	455,226,990	523,413,731	273,646,074
Accrued rent receivable	14,348,733	17,144,444	17,268,286
Depreciation of investment properties	24,856,499	26,332,554	17,494,344
Transfer of fair value to property and equipment	10,726,588	12,939,297	13,141,474
Capitalized debt issue costs	8,281,452	9,989,503	10,144,780
Unrealized foreign exchange gains		-	172,237
	1,713,291,980	2,004,924,783	1,459,207,231
Net deferred tax liabilities	1,489,505,040	1,763,428,524	1,319,343,376

The reconciliation between the income tax expense based on statutory income tax rate and effective income tax rate reported in the consolidated statements of comprehensive income is as follows:

	March 2021	December 2020	March 2020
Income tax computed at statutory tax rate	**31,834,011**	497,818,418	21,577,278
Add (deduct) tax effects of:			
Nondeductible expenses and nontaxable income	**9,739**	2,923,947	102,080
Income subject to GIT	**(4,810,871)**	(11,721,196)	(3,843,161)
Change in unrecognized deferred tax assets	**2,745,384**	2,412,913	667,160
Expired NOLCO	**-**	5,550,944	-
Income subject to final tax	**(596,042)**	(6,714,604)	(1,254,615)
Benefit from change in tax rates	**(300,721,011)**	-	-
	(271,538,790)	490,270,422	17,248,742

PEZA Registration

ACPT is registered with the PEZA as an Ecozone Facilities Enterprise (see Note 1). The scope of its registered activity is limited to development, operation and maintenance of an economic zone.

Under the PEZA Registration Agreement, ACPT is entitled to:

- 5% GIT, in lieu of all national and local taxes; and

- Tax and duty-free importation of capital equipment required for the technical viability and operation of the registered facilities or activities.

Any income from activities of ACPT outside the PEZA-registered activities is subject to RCIT.

Corporate Recovery and Tax Incentives for Enterprises ("CREATE") Bill

On November 26, 2020, the CREATE Bill was approved by the Senate of the Philippines. Under the CREATE Bill, domestic corporations will be subject to 25% or 20% regular corporate income tax (RCIT) depending on the amount of total assets or total amount of taxable income. In addition, MCIT shall be computed at 1% of gross income for a period of three (3) years. The changes in the income tax rates shall retrospectively become effective beginning July 1, 2020.

On February 3, 2021, the Senate and the Congress of the Philippines ratified the bill through a bicameral conference. On March 26, 2021, the CREATE Bill was signed into law under Republic Act (RA) 11534 or the CREATE Act.

Accordingly, the income tax rates used in preparing the interim consolidated financial statements as at March 31, 2021 are 25% and 1% for RCIT and MCIT, respectively.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments comprise cash in banks, cash equivalents, financial assets at FVPL, receivables (excluding advances for project development and accrued rent receivable under straight-line basis of accounting), amounts held in escrow, deposits, loans and bonds payable, accounts payable and other liabilities (except statutory liabilities, advance rent and payable to buyers) and due to a related party.

It is the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are credit risk, liquidity risk and interest rate risk. The

BOD reviews and approves policies for managing these risks as summarized below.

Foreign Currency Risk

The Group's exposure to foreign currency risk is minimal, as it does not enter into significant transactions in currencies other than its functional currency.

Credit Risk

The Group's exposure to credit risk arises from the failure of counterparty to fulfill its financial commitments to the Group under the prevailing contractual terms. Financial instruments that potentially subject the Group to credit risk consist primarily of trade receivables, contract assets and other financial assets at amortized cost. The carrying amounts of financial assets at amortized cost represent its maximum credit exposure.

Trade Receivables and Contract Assets

Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms, and conditions are offered. The Group's credit policy includes available external ratings, financial statements, credit agency information, industry information and, in some cases, bank references. Credit limits are established for each customer and reviewed on a regular basis. Any sales on credit exceeding those limits require specific approval from upper level of management. The Group limits its exposure to credit risk by transacting mainly with recognized and creditworthy customers that have undergone its credit evaluation and approval process. Historically, trade receivables are substantially collected within one (1) year and it has no experience of writing-off or impairing its trade receivables due to the effectiveness of its collection. As customary in the real estate business, title to the property is transferred only upon full payment of the purchase price. There are also provisions in the sales contract which allow forfeiture of installments or deposits made by the customer in favor of the Group. Also, customers are required to deposit postdated checks to the Group covering all installment payments. These measures minimize the credit risk exposure or any margin loss from possible default in the payment of installments. Trade receivables from lease are closely monitored on aging of the account. As at March 31, 2021 and December 31, 2020, there were no significant credit concentrations. The maximum exposure at the end of the reporting period is the carrying amount of trade receivables and contract assets.

Other Financial Assets at Amortized Cost

The Group's other financial assets at amortized cost are mostly composed of cash in banks, cash equivalents, amounts held in escrow and investment in time deposits. The Group limits its exposure to credit risk by investing only with banks that have good credit standing and reputation in the local and international banking industry. These instruments are graded in the top category by an acceptable credit rating agency and, therefore, are considered to be low credit risk investments.

For deposits, credit risk is low since the Group only transacts with reputable companies and individuals with respect to this financial asset.

It is the Group's policy to measure ECL on the above instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining if there has been a significant increase in credit risk, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the borrower.

The Group also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent

significant credit risk such as when non-payment arising from administrative oversight rather than resulting from financial difficulty of the borrower.

Financial Assets at FVPL
The Group is also exposed to credit risk in relation to its investments in money market fund that is measured at FVPL. The maximum exposure at the end of the reporting period is the carrying amount of these investments.

Liquidity Risk
Liquidity risk is the risk that the Group may not be able to settle its obligations as they fall due.

The Group monitors its risk to a shortage of funds through analyzing the maturity of its financial investments and financial assets and cash flows from operations. The Group monitors its cash position by a system of cash forecasting. All expected collections, check disbursements and other payments are determined on a daily basis to arrive at the projected cash position to cover its obligations.

The Group's objective is to maintain a balance between continuity of funding and flexibility. The Group addresses liquidity concerns primarily through cash flows from operations.

Interest Rate Risk
Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates.

The Group's loans and bonds payable to local banks are subject to fixed interest rates and are exposed to fair value interest rate risk. The re-pricing of these instruments is done on annual intervals.

The Group regularly monitors interest rate movements and on the basis of current and projected economic and monetary data, decides on the best alternative to take. No sensitivity analysis is needed as future interest rate changes are not expected to significantly affect the Group's consolidated net income.

Impact of COVID-19
The varying levels of community quarantine that have been enforced in the different parts of the country since its initial imposition on March 16, 2020 have created significant impact to business in general. Industries considered as non-essential have been ordered closed, travel restrictions were implemented, and large areas or communities were locked down.

In spite of the difficulties posed by these challenges, the Group has been agile and resilient enough to adopt to the "new normal" the situation has created. It has developed and executed a business continuity protocol which has allowed the Group to continue functioning and operating except in areas where no alternative means, given existing circumstances, are readily available.

To date, management is monitoring all the ongoing COVID–19 related developments to assess, anticipate, and develop appropriate business strategies moving forward.

25. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity as presented in the statements of financial position. Capital for the reporting periods under review is summarized as follows:

	March 2021	December 2020	March 2020
Total liabilities	**18,846,066,498**	18,317,098,613	15,890,450,225
Total equity	**9,425,148,861**	9,230,104,456	7,461,251,570
Debt-to-equity ratio	**2.00:1**	1.98:1	2.13:1

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

26. EARNINGS PER SHARE (EPS)

Basic and diluted earnings (loss) per share are computed as follows:

	March 2021	December 2020	March 2020
Net income attributable to equity holders of the Parent Company	**291,641,783**	887,295,539	10,339,474
Less: Dividends declared to Series B and Series C Preferred Shares	**(52,548,000)**	(210,192,000)	(52,548,000)
	239,093,783	677,103,539	(42,208,526)
Divided by weighted average number of outstanding common shares	**5,318,095,199**	5,318,095,199	5,318,095,199
Basic EPS	**0.0450**	0.1273	(0.0079)
Add dilutive shares arising from stock options	**55,400,000**	55,400,000	-
Adjusted weighted average number of common shares for diluted EPS	**5,373,495,199**	5,373,495,199	5,318,095,199
Dilluted EPS	**0.0445**	0.1260	(0.0079)

Basic EPS is computed by dividing net income for the year attributable to common equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year.

Diluted EPS is computed by dividing net income for the year attributable to common equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares.

27. FAIR VALUE MEASUREMENT

The following table presents the carrying amounts and fair values of the Group's assets and liabilities measured at fair value and for which fair values are disclosed, and the corresponding fair value hierarchy:

		March 2021		
		Fair Value		
	Carrying Amount	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets measured at fair value -				
Financial assets at FVPL	**3,393,582,165**	**3,393,582,165**	**-**	**-**
Investment properties	**8,408,985,253**	**-**	**1,275,863,504**	**7,133,121,749**
Financial assets at amortized cost -				
Deposits	**63,681,263**	**-**	**-**	**63,681,263**
	11,866,248,681	**3,393,582,165**	**1,275,863,504**	**7,196,803,012**
Liability for which fair value is disclosed -				
Loans payable	**10,026,031,719**	**-**	**-**	**9,941,307,749**
Bonds payable	**2,961,074,215**	**-**	**-**	**2,961,074,215**
	12,987,105,934	**-**	**-**	**12,902,381,964**

		December 2020		
		Fair Value		
	Carrying Amount	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets measured at fair value:				
Financial assets at FVPL	3,257,288,870	3,257,288,870	–	–
Investment properties	8,315,168,841	–	1,275,863,504	7,039,305,337
Asset for which fair value is disclosed -				
Financial assets at amortized cost -				
Deposits	56,072,105	–	–	56,072,105
	11,628,529,816	3,257,288,870	1,275,863,504	7,095,377,442
Liability for which fair value is disclosed -				
Loans payable	9,305,693,323	–	–	9,220,969,353
Bonds payable	2,958,526,698	–	–	2,958,526,698
	12,264,220,021	–	–	12,179,496,051

		March 2020		
		Fair Value		
	Carrying Amount	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets measured at fair value -				
Financial assets at FVPL	1,420,110,375	1,420,110,375	–	–
Investment properties	7,284,492,034		781,628,027	6,502,864,007
Financial assets at amortized cost -				
Deposits	67,623,334	–	–	67,623,334
	8,772,225,743	1,420,110,375	781,628,027	6,570,487,341
Liability for which fair value is disclosed -				
Loans and Bonds payable	10,800,377,205	–	–	10,715,653,235

The table below presents the financial assets and liabilities of the Group whose carrying amounts approximate fair values as at March 31, 2021 and December 31, 2020:

	March 2021	December 2020	March 2020
Financial assets:			
Cash and cash equivalents	**753,441,956**	941,079,474	2,810,011,529
Receivables*	**486,219,954**	449,522,428	340,935,617
Contract assets	**5,516,897,363**	5,341,881,039	3,470,813,905
Amounts held in escrow	**85,052,814**	85,052,814	82,713,044
	6,841,612,087	6,817,535,755	6,704,474,095
Financial liabilities:			
Accounts payable and other liabilities**	**1,788,157,604**	1,763,486,026	1,368,586,670
Due to related parties	**1,367,586,297**	1,367,586,297	1,307,169,833
	3,155,743,901	3,131,072,323	2,675,756,503

**Excludes accrued rent receivable under straight-line basis of accounting aggregating to ₱86.8 million, ₱89.6 million and ₱96.5 million as at March 31, 2021, December 31, 2020, and March 31, 2020, respectively.*

***Excludes payable to buyers, advance rent and statutory liabilities aggregating to ₱1,073.2 million, ₱1,029.5 million and ₱958.9 million as at March 31, 2021, December 31, 2020 and March 31, 2020, respectively.*

28. OPERATING SEGMENT INFORMATION

The Group is organized into operating segments based on the type of product or service. The Group's reportable operating segments relates to sale of real estate, leasing and property management services.

All of the assets relating to the Group's operating segments are located in the Philippines. Accordingly, reporting operating segments per geographical business operation is not required.

Segment assets, liabilities and revenue and expenses are measured in accordance with PFRS. The presentation and classification of segment revenue and expenses are consistent with the consolidated statements of comprehensive income. The presentation and classification of segment assets and liabilities are consistent with the consolidated statements of financial position.

The following tables present revenue and expense information and certain assets and liabilities information regarding the different business segments as at and for the period ended March 31, 2021 and December 31, 2020:

	March 2021					
	Sale of Real Estate	**Leasing**	**Property Management Services**	**Corporate**	**Eliminations**	**Total**
Segment revenue	**358,706,300**	**86,065,781**	**108,920,769**	**-**	**(104,791,451)**	**448,901,399**
Segment expenses	**(226,113,430)**	**(29,671,042)**	**(27,221,639)**	**(208,857,504)**	**104,791,451**	**(387,072,164)**
Segment profit	**132,592,870**	**56,394,739**	**81,699,130**	**(208,857,504)**	**-**	**61,829,235**
Net gain on change in fair value of investment properties	**-**	**95,440,000**	**-**	**-**	**-**	**95,440,000**
Finance cost	**(23,745)**	**(108,613,846)**	**-**	**(4,207,192)**	**29,602,601**	**(83,242,182)**
Other income - net	**-**	**-**	**-**	**8,892,347**	**-**	**8,892,347**
Income before income tax	**132,569,125**	**43,220,893**	**81,699,130**	**(204,172,349)**	**29,602,601**	**82,919,400**
Provision for income tax						**(271,538,790)**
Net income						**354,458,190**
Other comprehensive income						**-**
Total comprehensive income						**354,458,190**
Assets	**7,196,446,289**	**8,408,985,253**	**11,243,428**	**19,288,163,213**	**(6,633,622,824)**	**28,271,215,359**
Liabilities	**(5,917,017,934)**	**(4,109,013,785)**	**-**	**(14,864,392,426)**	**6,044,357,647**	**(18,846,066,498)**

	December 2020					
	Sale of Real Estate	Leasing	Property Management Services	Corporate	Eliminations	Total
Segment revenue	2,919,123,898	371,576,866	222,815,561	–	(211,963,269)	3,301,553,056
Segment expenses	(1,591,033,907)	(130,770,623)	(86,221,097)	(767,141,354)	211,963,269	(2,363,203,712)
Segment profit	1,328,089,991	240,806,243	136,594,464	(767,141,354)	–	938,349,344
Net gain on change in fair value of investment properties	–	959,989,140	–	–	–	959,989,140
Finance cost	(447,211)	(430,024,418)	–	(14,088,400)	163,376,069	(281,183,960)
Other income - net	–	–	–	42,240,203	–	42,240,203
Income before income tax	1,327,642,780	770,770,965	136,594,464	(738,989,551)	163,376,069	1,659,394,727
Provision for income tax						(490,270,422)
Net income						1,169,124,305
Other comprehensive income						(5,414,683)
Total comprehensive income						1,163,709,622
Assets	6,894,906,539	8,315,168,841	17,028,899	18,548,524,200	(6,228,425,410)	27,547,203,069
Liabilities	(5,148,259,520)	(4,157,433,803)	–	(14,634,896,280)	5,623,490,990	(18,317,098,613)

	March 2020					
	Sale of Real Estate	Leasing	Property Management Services	Corporate	Eliminations	Total
Segment revenue	485,349,106	89,156,620	57,981,926	-	(55,272,880)	577,214,772
Segment expenses	(298,411,323)	(33,197,848)	(13,789,466)	(171,576,475)	55,272,880	(461,702,232)
Segment profit	186,937,783	55,958,772	44,192,460	(171,576,475)	-	115,512,540
Net gain on change in fair value of investment properties	-	-	-	-	-	-
Finance cost	(19,330)	(81,859,379)	-	-	14,577,026	(67,301,683)
Other income - net	-	-	-	7,445,569	-	7,445,569
Income before income tax	186,918,453	(25,900,607)	44,192,460	(164,130,906)	14,577,026	55,656,426
Provision for income tax						17,248,742
Net income						38,407,684
Other comprehensive income						-
Total comprehensive income						38,407,684
Assets	5,933,386,526	7,284,492,034	12,348,995	15,599,122,932	(5,477,648,692)	23,351,701,795
Liabilities	(3,844,497,275)	(4,003,072,331)	-	(12,311,519,682)	4,268,639,063	(15,890,450,225)

29. FINANCIAL RATIOS

	MAR 2021	DEC 2020	MAR 2020
Current/Liquidity Ratio (Current Assets over Current Liabilities)	2.26:1	2.24:1	2.53:1
Solvency Ratio (Net income before depreciation over total liabilities)	0.02:1	0.07:1	0.003:1
Debt-to-equity Ratio (Total liability over total equity)	2.00:1	1.98:1	2.13:1
Debt-to-equity (interest-bearing) Ratio (Interest-bearing liabilities over total equity)	1.38:1	1.33:1	1.45:1
Asset-to-equity Ratio (Total assets over total equity)	3.00:1	2.98:1	3.13:1
Interest Rate Coverage Ratio (Pretax income before Interest over interest expense)	2.00:1	6.95:1	1.83:1
Profitability Ratio (Net income over total equity)	0.04:1	0.13:1	0.01:1

December 2020 ratio is based on full year income while March 2021 and March 2020 ratios are based on three-month income.

30. EVENTS AFTER THE REPORTING PERIOD

Declaration of Cash Dividends

The Parent Company's BOD approved and declared the following cash dividends:

Class of shares	Declaration Date	Stockholders of Record Date	Payment Date	Amount	Dividend per Share
Series C preferred shares	May 5, 2021	June 7, 2021	June 27, 2021	₱17,319,000	₱1.73
Series B preferred shares	May 5, 2021	May 19, 2021	June 6, 2021	35,229,000	1.76

The dividends shall be taken out of the unrestricted earnings of the Parent Company as at March 31, 2021.

Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations

FINANCIAL POSITION

March 2021 vs December 2020

	MAR 31, 2021	DEC 31, 2020	% Change
Cash and cash equivalents	**P 753,441,956**	P 941,079,474	-20%
Financial assets at fair value through profit or loss (FVPL)	**3,393,582,165**	3,257,288,870	4%
Trade and other receivables	**573,061,836**	539,079,767	6%
Contract Assets	**5,516,897,363**	5,341,881,039	3%
Real estate for sale	**7,196,446,289**	6,894,906,539	4%
Investment properties	**8,408,985,253**	8,315,168,841	1%
Property and equipment	**274,119,024**	280,192,479	-2%
Other Assets	**2,154,681,473**	1,977,606,060	9%
Total Assets	**28,271,215,359**	27,547,203,069	3%
Loans payable	**10,026,031,719**	9,305,693,323	8%
Bonds payable	**2,961,074,215**	2,958,526,698	0%
Accounts payable and other liabilities	**2,861,358,621**	2,792,943,961	2%
Contract liabilities	**31,500,193**	27,423,392	15%
Due to related parties	**1,367,586,297**	1,367,586,297	0%
Retirement liability	**109,010,413**	101,496,418	7%
Net deferred tax liabilities	**1,489,505,040**	1,763,428,524	-16%
Total Liabilities	**18,846,066,498**	18,317,098,613	3%
Equity attributable to equity holders of the Parent Company			
Capital stock	**999,757,136**	999,757,136	0%
Additional paid-in capital	**3,008,959,878**	3,008,959,878	0%
Retained earnings	**3,853,148,412**	3,779,054,629	2%
Other equity reserves	**230,363,146**	230,363,146	0%
Parent Company's shares held by a subsidiary	**(12,500,000)**	(12,500,000)	0%
	8,079,728,572	8,005,634,789	1%

	MAR 31, 2021	DEC 31, 2020	% Change
Non-controlling interests	**1,345,420,289**	1,224,469,667	10%
Total Equity	**9,425,148,861**	9,230,104,456	2%
Total Liabilities and Equity	**P 28,271,215,359**	P 27,547,203,069	3%

The Company's total resources increased by 3% from ₱27.5 billion on December 31, 2020 to ₱28.3 billion as of March 31, 2021, due to the following:

20% Decrease in Cash and Cash Equivalents
The decrease in cash is attributable to normal disbursement for operations and project related costs, and investment in money market placements, net of inflows from loan availments and revenue collections.

4% Increase in Financial assets at fair value through profit or loss
The increase was due to investments in money market placements of the additional cash from loan proceeds and revenue collections, as mentioned above.

6% Increase in Trade and Other Receivables
The increase is largely due to the revenues recognized from the sale of office units in Cebu Exchange and Savya Financial Center that are already billed to buyers, and receivables from ACPT tenants.

4% Increase in Real Estate for Sale
The increase was mainly due to the additional construction costs incurred during the period for ongoing projects.

9% Increase in Other Assets
The increase was mainly due the additional advances for purchase of a property.

Total liabilities increased by 3% from ₱18.3 billion on December 31, 2020 to ₱18.8 billion as of March 31, 2021, due to the following:

8% Increase in Loans Payable
The increase was largely attributed to drawdowns from various loan facilities to fund project related disbursements and some working capital requirements.

15% Increase in Contract Liabilities
The increase pertains to collections received from buyers of office units in Savya Financial Center, in which the related revenue is not yet recognized.

7% Increase in Retirement Liability
The increase was due to the additional provisions of retirement expense for the period.

16% Decrease in Net Deferred Tax Liabilities
The decrease was attributable to the reduction of income tax rates due to the implementation of CREATE bill which was approved into law on March 26, 2021.

Total equities increased by 2% from ₱9.2 billion on December 31, 2020 to ₱9.4 billion as at March 31, 2021. This is mainly attributable to the 10% increase in non-controlling interests related to the recognition of NCI's share in the net income of CLLC and SLDC and additional deposit for future stock subscription from a shareholder of SLDC.

FINANCIAL RATIOS
March 2021 vs December 2020

	MAR 2021	DEC 2020	% Change
Current/Liquidity Ratio (Current Assets over Current Liabilities)	2.26:1	2.24:1	1%
Solvency Ratio (Net income before depreciation over total liabilities)	0.02:1	0.07:1	-71%
Debt-to-equity Ratio (Total liability over total equity)	2.00:1	1.98:1	1%
Debt-to-equity (interest-bearing) Ratio (Interest-bearing liabilities over total equity)	1.38:1	1.33:1	4%
Asset-to-equity Ratio (Total assets over total equity)	3.00:1	3.13:1	-4%
Interest Rate Coverage Ratio (Pretax income before Interest over interest expense)	2.00:1	6.95:1	-71%
Profitability Ratio (Net income over total equity)	0.04:1	0.13:1	-69%

RESULTS OF OPERATIONS
March 2021 vs March 2020

	MAR 31, 2021	MAR 31, 2020	% Change
Revenues	**P 448,901,399**	P 577,214,772	-22%
Cost of sales and services	**234,456,386**	310,156,160	-24%
GROSS INCOME	**214,445,013**	267,058,612	-20%
Administrative expenses	**98,061,444**	83,396,877	18%
Selling and marketing expenses	**54,554,334**	68,149,195	-20%
OPERATING EXPENSES	**152,615,778**	151,546,072	1%
OPERATING INCOME	**61,829,235**	115,512,540	-46%
OTHER OPERATING INCOME (EXPENSES)			
Finance costs	**(83,242,182)**	(67,301,683)	24%
Gain on change in FV of investment properties	**95,440,000**	-	100%
Other income – net	**8,892,347**	7,445,569	19%
INCOME BEFORE INCOME TAX	**82,919,400**	55,656,426	49%
TAX EXPENSE (BENEFIT)	**(271,538,790)**	17,248,742	-1674%
NET INCOME	**P 354,458,190**	P 38,407,684	823%
NET INCOME ATTRIBUTABLE TO:			
Equity holders of ArthaLand Corporation	**291,641,783**	10,339,474	2721%
Non-controlling interest	**62,816,407**	28,068,210	124%
	P 354,458,190	P 38,407,684	823%

From a ₱38.4 million reported net income in the first quarter of 2020, the company recognized a ₱354.5 million net income for the same period in 2021.

22% Decrease in Revenues
The decrease in revenue was mainly attributable to the decline in revenues from Real Estate Sales which was largely brought about by changes in market conditions and restrictions on construction activities following the Community Quarantine implemented in NCR and Cebu starting March 2020. While other companies implemented selling strategies involving sizeable discounts and ultra-stretched payment terms, ALCO substantially retained its selling prices across its projects given the strength of its sales pipeline and robust cash flows. ALCO fully expected that during the pandemic, there is a longer period to close sales transactions given that buyers take more time to conclude their decisions and given the limited access of buyers to ALCO's sales galleries for its projects.

24% Decrease in Cost of Sales and Services
The decrease in cost of sales is directly related to the decrease in revenues.

18% Increase in Administrative Expenses
The increase is due to personnel related expenses, professional fees and taxes.

20% Decrease in Selling and Marketing Expenses
The decrease was mainly attributable to less commissions recognized from the sales of office units in Cebu Exchange.

24% Increase in Finance Costs
The increase was attributable to interests from additional working capital loans availed by the company.

100% Increase in Gain on Change in Fair Value of Investment Properties
This pertains to the appraisal gain related to the commercial property of Cazneau recognized for the period.

19% Increase in Other Income - Net
The increase was attributable to the forfeited advance rent collections from ACPT tenant.

1674% Decrease in Tax Expense (Benefit)
The tax benefit recognized for the period was attributable to the reduction of income tax rates due to the implementation of CREATE bill as mentioned under Net Deferred Tax Liabilities.

RESULTS OF OPERATIONS
March 2021 vs December 2020

	MAR 31, 2021	DEC 31, 2020	% Change
Revenues	**P 448,901,399**	P 3,301,553,056	-86%
Cost of sales and services	**234,456,386**	1,682,981,281	-86%
GROSS INCOME	**214,445,013**	1,618,571,775	-87%
Administrative expenses	**98,061,444**	417,716,339	-77%
Selling and marketing expenses	**54,554,334**	262,506,092	-79%
OPERATING EXPENSES	**152,615,778**	680,222,431	-78%
OPERATING INCOME	**61,829,235**	938,349,344	-93%
OTHER OPERATING INCOME (EXPENSES)			
Finance costs	**(83,242,182)**	(281,183,960)	-70%
Gain on change in FV of investment properties	**95,440,000**	959,989,140	-90%

	MAR 31, 2021	DEC 31, 2020	% Change
Other income – net	**8,892,347**	42,240,203	-79%
INCOME BEFORE INCOME TAX	**82,919,400**	1,659,394,727	-95%
TAX EXPENSE	**(271,538,790)**	490,270,422	-155%
NET INCOME	**P 354,458,190**	P 1,169,124,305	-70%
NET INCOME ATTRIBUTABLE TO:			
Equity holders of ArthaLand Corporation	**291,641,783**	887,295,539	-67%
Non-controlling interest	**62,816,407**	281,828,766	-78%
	P 354,458,190	P 1,169,124,305	-70%

The Company posted a consolidated net income of ₱354.5 million in the first quarter of 2021 as compared with the 2020 full year net income of ₱1,169.1 million.

Machine Validation:

OR# 1992372 May 17, 2021 10:59AM
Rudina G. Atienza PHP7,575.00*********

Republic of the Philippines

DEPARTMENT OF FINANCE
SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City, 1307

PAYMENT ASSESSMENT FORM

No. 20210514-3435083

DATE	RESPONSIBILITY CENTER
05/14/2021	MSRD

PAYOR: ARTHALAND CORPORATION
TAGUIG CITY

	NATURE OF COLLECTION	QUANTITY	ACCOUNT CODE	AMOUNT
	Information Statement - Registrant		4020199099 (678)	7,500.00
	Legal Research Fee (A0823)		2020105000 (131)	75.00
	----NOTHING FOLLOWS----			
	.			
TOTAL AMOUNT TO BE PAID				**Php 7,575.00**

Assessed by:
cegaliza

Amount in words:
SEVEN THOUSAND FIVE HUNDRED SEVENTY FIVE PESOS AND 00/100

Remarks:

Payment Options

1. Online payment thru SEC Payment Portal
   - https://www.sec.gov.ph/apps/payment-portal
2. Over the Counter Payments
   - SEC Cashier Office
   - Selected Landbank Branches

SEC Landbank Accounts

Landbank Region/Area	SEC Clearing Account	SEC Account
Region II, III-A, III-B, IV, Area IV-A, AREA IV-B, and Region VIII	3402-2319-20	Head Office / Tarlac
Region I	3402-2319-38	Baguio
Region V	3402-2319-46	Legaspi
Region VI	3402-2319-54	Iloilo / Bacolod
Region VII	3402-2319-62	Cebu
Region IX	3402-2319-70	Zamboanga
Region X	3402-2319-89	Cagayan De Oro
Region XI & XII	3402-2319-97	Davao

For National Capital Region (NCR), payments are only allowed thru the ff. Landbank branches:

Name of Branch	SEC Clearing Account
Edsa Greenhills	3402-2319-20
Edsa Congressional	
Araneta E.O.	
YMCA	
DOTC	
Ortigas E.O.	
Muntinlupa	
North Avenue	

Breakdown Summary

FUND ACCOUNT	AMOUNT	ACCOUNT #
SEC SRC Current Account	7,500.00	0552-1052-57
BTR Account - LRF	75.00	see SEC clearing accounts
TOTAL	Php 7,575.00	

Notes:

A. This form is valid for forty-five (45) calendar days from the date of Payment Assessment Form (PAF)

B. Accepted modes of payment at SEC Main Office, Pasay City:
   1. Cash 2. Manager's/Cashier's Check 3. Postal Money Order

C. Accepted modes of payment at selected Landbank branches:
   1. Cash 2. Manager's/Cashier's Check payable to the Securities and Exchange Commission

D. For check payment, please prepare separate checks per fund account as indicated on the breakdown summary. All checks must be payable to Securities and Exchange Commission

E. For over the counter payment at LandBank, preparation of oncoll payment or deposit slip shall be per fund account as indicated on the breakdown summary.
   If fund code is BTR, use an oncoll payment slip.
   If fund code is SRC or RCC, use a regular deposit slip.
   Send through email the copy of the machine-validated oncoll payment slip / deposit slip to the issuer of this PAF to confirm that payment has been made.

F. ANY ALTERATIONS WILL INVALIDATE THIS FORM

OFFICIAL RECEIPT

Republic of the Philippines
DEPARTMENT OF FINANCE
SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City, 1307

Accountable Form No. 51 Revised 2006	ORIGINAL
DATE May 17,2021	No. 1992372

PAYOR ARTHALAND CORPORATION
TAGUIG CITY

NATURE OF COLLECTION	ACCOUNT CODE	RESPONSIBILITY CENTER	AMOUNT
		MSRD	
Information Statement - Registrant	4020199099(678)		7,500.00
Legal Research Fee (A0823)	2020105000(131)		75.00
		TOTAL	PHP 7,575.00

AMOUNT IN WORDS
SEVEN THOUSAND FIVE HUNDRED SEVENTY FIVE PESOS AND 00/100

Received	Received the Amount Stated Above
☒ Cash ☐ Treasury Warrant ☐ Check ☐ Money Order	
Treasury Warrant, Check, Money Order Number	Rudina D. Atienza COLLECTING OFFICER
Date of Treasury Warrant, Check, Money Order	O.R. No. 1992372

NOTE: Write the number and date of this receipt on the back of treasury warrant, check or money order received.