GT CAPITAL
HOLDINGS, INCORPORATED

May 17, 2022

Philippine Dealing & Exchange Corporation
29/F, BDO Equitable Tower,
8751 Paseo de Roxas, Makati City

Attention: Atty. Marie Rose M. Magallen-Lirio
Head - Issuer Compliance and Disclosure Department (ICDD)

Gentlemen,

Please see the attached disclosures of GT Capital Holdings, Inc.

Very truly yours,

RENEE LYNN MICIANO-ATIENZA
VP/Head, Legal and Compliance Department

CR03134-2022

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

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

1. For the fiscal year ended
   Dec 31, 2021
2. SEC Identification Number
   CS200711792
3. BIR Tax Identification No.
   006-806-867-000
4. Exact name of issuer as specified in its charter
   GT Capital Holdings, Inc.
5. Province, country or other jurisdiction of incorporation or organization
   Philippines
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   43rd Floor GT Tower International, 6813 Ayala Avenue corner H.V. Dela Costa Street, Makati City
   Postal Code
   1227

8. Issuer's telephone number, including area code
   (632) 8836-4500
9. Former name or former address, and former fiscal year, if changed since last report
   N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	215,284,587
Perpetual Preferred Shares (GTPPA)	4,839,240
Perpetual Preferred Shares (GTPPB)	7,160,760
Amount of Outstanding Debt	10,077,470,407

11. Are any or all of registrant's securities listed on a Stock Exchange?
    ◉ Yes ○ No

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange - Common shares/Series A and Series B Perpetual Preferred Shares; Philippine Dealing and Exchange Corporation - Corporate Retail Bonds

12. Check whether the issuer:

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

◉ Yes ○ No

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

◉ Yes ○ No

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form

Php52.0 billion (based on closing price of Php522.00 as of March 31, 2022)

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

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

○ Yes ◉ No

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders

Audited Consolidated Financial Statements of GT Capital and Subsidiaries and Metrobank

(b) Any information statement filed pursuant to SRC Rule 20

Not applicable

(c) Any prospectus filed pursuant to SRC Rule 8.1

Not applicable

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.

GT Capital Holdings, Inc.
GTCAP

PSE Disclosure Form 17-1 - Annual Report
References: SRC Rule 17 and
Section 17.2 and 17.8 of the Revised Disclosure Rules

For the fiscal year ended	Dec 31, 2021
Currency	In million pesos

Balance Sheet

	Year Ending	**Previous Year Ending**
	Dec 31, 2021	Dec 31, 2020
Current Assets	141,167	133,156
Total Assets	397,794	384,980
Current Liabilities	59,611	75,541
Total Liabilities	192,715	192,795
Retained Earnings/(Deficit)	89,382	79,634
Stockholders' Equity	205,079	192,185
Stockholders' Equity - Parent	194,044	183,300
Book Value Per Share	848.06	798.15

Income Statement

	Year Ending	**Previous Year Ending**
	Dec 31, 2021	Dec 31, 2020
Gross Revenue	174,643	134,420
Gross Expense	158,573	124,097
Non-Operating Income	-	-
Non-Operating Expense	-	-
Income/(Loss) Before Tax	16,070	10,323
Income Tax Expense	1,821	1,986
Net Income/(Loss) After Tax	14,249	8,337
Net Income/(Loss) Attributable to Parent Equity Holder	10,983	6,546

Earnings/(Loss) Per Share (Basic)	48.28	27.67
Earnings/(Loss) Per Share (Diluted)	48.28	27.67

Financial Ratios

	Formula	Fiscal Year Ended	Previous Fiscal Year
		Dec 31, 2021	Dec 31, 2020
Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	**Current Assets / Current Liabilities**	2.37	1.76
Quick Ratio	**(Current Assets - Inventory - Prepayments) / Current Liabilities**	0.81	0.61
Solvency Ratio	**Total Assets / Total Liabilities**	2.06	2
Financial Leverage Ratios			
Debt Ratio	**Total Debt/Total Assets**	0.36	0.38
Debt-to-Equity Ratio	**Total Debt/Total Stockholders' Equity**	0.7	0.76
Interest Coverage	**Earnings Before Interest and Taxes (EBIT) / Interest Charges**	3.26	2.31
Asset to Equity Ratio	**Total Assets / Total Stockholders' Equity**	1.94	2
Profitability Ratios			
Gross Profit Margin	**Sales - Cost of Goods Sold or Cost of Service / Sales**	-	-
Net Profit Margin	**Net Profit / Sales**	-	-
Return on Assets	**Net Income / Total Assets**	2.81	1.76
Return on Equity	**Net Income / Total Stockholders' Equity**	5.82	3.63
Price/Earnings Ratio	**Price Per Share / Earnings Per Common Share**	11.18	21.14

Other Relevant Information
Attached GT Capital's Parent Audited Financial Audited Statement received by SEC.

Filed on behalf by:

Name	Atom James Maronilla
Designation	Legal and Compliance Officer

Farrah Lyra Q. de Ala <farrah.deala@gtcapital.com.ph>

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1 message

eafs@bir.gov.ph <eafs@bir.gov.ph> Mon, Apr 18, 2022 at 9:41 AM
To: FARRAH.DEALA@gtcapital.com.ph
Cc: FRANCIS.SUAREZ@gtcapital.com.ph

Hi GT CAPITAL HOLDINGS INC,

Valid files

- EAFS006806867OTHTY122021.pdf
- EAFS006806867RPTTY122021.pdf
- EAFS006806867TCRTY122021-02.pdf
- EAFS006806867TCRTY122021-01.pdf
- EAFS006806867TCRTY122021-03.pdf
- EAFS006806867ITRTY122021.pdf
- EAFS006806867AFSTY122021.pdf

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- <None>

Transaction Code: **AFS-0-2PSPTQ20CKCH98CKP2R3W14T044ZQPPQY**
Submission Date/Time: **Apr 18, 2022 09:41 AM**
Company TIN: **006-806-867**

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GT CAPITAL
HOLDINGS, INCORPORATED

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of GT Capital Holdings, Inc. (the Company) is responsible for the preparation and fair presentation of the parent and consolidated financial statements including the schedules attached therein, as of December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

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

Signature: _____
Arthur V. Ty, Chairman of the Board

Signature: _____
Carmelo Maria L. Bautista, President

Signature: _____
Francisco H. Suarez, Jr., Chief Financial Officer

March 25, 2022

43rd Floor, GT Tower International, 6813 Ayala Avenue corner H.V. Dela Costa Street, 1227 Makati City, Philippines
Tel: +632 836-4500 • Fax: +632 836-4159 • E-mail: gtcap@gtcapital.com.ph

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI) S.S.

SUBSCRIBED AND SWORN to before me on MAR 2 8 2022, affiants exhibiting to me their respective Tax Identification Numbers, as follows:

Arthur V. Ty	TIN No. 121-526-580
Carmelo Maria L. Bautista	TIN No. 106-903-668
Francisco H. Suarez, Jr.	TIN No. 126-817-465

Doc. No. 83
Page No. 17
Book No. 14
Series of 2022

ATTY. MELISSA F. REYES
Notary Public for Makati City until June 30, 2022
Roll No. 41639 / Appointment No. M-120
IBP 054764 / PTR No. 6618489
45/F GT Tower International, Ayala Avenue
Corner H.V. Dela Costa, Makati City

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	7	1	1	7	9	2

COMPANY NAME

GT CAPITAL HOLDINGS, INC.

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

43rd Floor, GT Tower International, Ayala Avenue corner H.V. Dela Costa St., Makati City

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
gtcap@gtcapital.com.ph	8836-4500	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
89	2nd Wednesday of May	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Francisco H. Suarez, Jr.	francis.suarez@gtcapital.com.ph	8836-4500	09178874538

CONTACT PERSON's ADDRESS

43rd Floor, GT Tower International, Ayala Avenue corner H.V. Dela Costa St., Makati City

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

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

SGV
Building a better working world

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

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
GT Capital Holdings, Inc.
43rd Floor, GT Tower International
Ayala Avenue corner H.V. Dela Costa Street
Makati City

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of GT Capital Holdings, Inc. (the Company), which comprise the parent company statements of financial position as at December 31, 2021 and 2020, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for each of the three years in the period ended December 31, 2021, and notes to the parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company financial statements as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021 are prepared in all material respects, in accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) as described in Note 2 to the parent company financial statements.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Parent Company Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the parent company 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.

Emphasis of Matter

We draw attention to Note 2 to the parent company financial statements which indicates that the parent company financial statements have been prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The impact of the application of the financial reporting reliefs, which are applicable to the Real Estate Segment, specifically under Federal Land Group, on the 2021 parent company financial statements are discussed in detail in Note 2. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation of the parent company financial statements in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC as described in Note 2 to the parent company financial statements, and for such internal control as management determines is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

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

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

- Identify and assess the risks of material misstatement of the parent company 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to

the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC as described in Note 2 to the parent company financial statements.

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

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 26 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of GT Capital Holdings, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information required to be set forth therein, in relation to the basic parent company financial statements taken as a whole, are prepared in all material respects, in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the parent company financial statements.

SYCIP GORRES VELAYO & CO.

Vicky Lee Salas

Vicky Lee Salas
Partner
CPA Certificate No. 86838
Tax Identification No. 129-434-735
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 86838-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-053-2020, November 27, 2020, valid until November 26, 2023
PTR No. 8854312, January 3, 2022, Makati City

March 25, 2022

GT CAPITAL HOLDINGS, INC.
PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31	
	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6 and 21)	**₱2,877,164,031**	₱3,857,658,327
Financial assets at fair value through profit or loss (FVTPL) (Notes 12 and 21)	**8,697,448,428**	3,708,560,178
Receivables (Note 7)	**2,098,829,522**	1,937,320,550
Inventories (Note 8)	**14,653,724,731**	14,548,092,480
Other current assets (Note 8)	**2,658,561,223**	2,356,252,147
Total Current Assets	**30,985,727,935**	26,407,883,682
Noncurrent Assets		
Receivables - net of current portion (Note 7)	**6,695,974,738**	7,563,538,613
Financial assets at fair value through other comprehensive income (FVOCI) (Note 12)	**15,713,675,024**	12,326,855,920
Investments in subsidiaries, associates and joint ventures (Note 9)	**161,679,659,474**	160,879,659,474
Investment properties (Note 11)	**559,792,549**	557,067,873
Property and equipment (Note 10)	**47,378,330**	43,301,823
Retirement asset (Note 17)	**7,781,090**	9,194,291
Other noncurrent assets (Note 11)	**22,348,965**	11,244,651
Total Noncurrent Assets	**184,726,610,170**	181,390,862,645
	₱215,712,338,105	₱207,798,746,327
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable, accrued expenses and other payables (Note 13)	**₱375,255,000**	₱290,951,852
Accrued interest payable (Notes 14 and 21)	**233,918,199**	213,615,288
Dividends payable (Note 15)	**588,885,530**	588,885,533
Current portion of bonds payable (Note 14)	**–**	4,994,722,468
Current portion of loans payable (Note 14)	**5,168,351,500**	–
Total Current Liabilities	**6,366,410,229**	6,088,175,141
Noncurrent Liabilities		
Loans payable (Note 14)	**66,772,280,171**	67,456,914,745
Bonds payable - net of current portion (Note 14)	**10,077,470,407**	10,065,346,036
Deferred tax liabilities (Note 18)	**1,855,354,219**	1,190,933,401
Derivative liability (Note 14)	**32,010,233**	50,996,503
Other noncurrent liabilities (Note 13)	**947,531,334**	1,085,978,875
Total Noncurrent Liabilities	**79,684,646,364**	79,850,169,560
	86,051,056,593	85,938,344,701
Equity		
Capital stock (Note 15)	**3,370,275,870**	3,370,275,870
Additional paid-in capital (Note 15)	**98,826,717,619**	98,826,717,619
Retained earnings		
Unappropriated (Note 15)	**22,750,122,821**	17,643,699,114
Appropriated (Note 15)	**400,000,000**	400,000,000
Cash flow hedge reserve	**(32,010,233)**	(50,996,503)
Fair value reserves on financial assets at FVOCI (Note 12)	**4,343,966,187**	1,672,753,964
Net unrealized gain (loss) on remeasurement of defined benefit plan (Note 17)	**2,209,248**	(2,048,438)
Total Equity	**129,661,281,512**	121,860,401,626
	₱215,712,338,105	₱207,798,746,327

See accompanying Notes to Parent Company Financial Statements.

GT CAPITAL HOLDINGS, INC.
PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2021	2020	2019
REVENUE			
Dividend income (Notes 9, 12 and 21)	**₱10,618,315,526**	₱8,563,333,049	₱8,618,076,570
Gain on disposal of investment (Note 9)	**–**	–	4,000,000,000
Real estate sales (Note 21)	**10,590,000**	7,786,641,380	1,130,780,140
Gain on financial assets at FVTPL (Notes 12 and 21)	**89,312,852**	112,648,266	135,023,202
Interest income (Notes 6, 7 and 21)	**353,910,449**	293,883,839	212,432,035
Rent income (Notes 11, 16 and 21)	**29,550,910**	24,402,160	7,907,583
Foreign exchange gain, net	**4,521,915**	–	–
Other income (Note 21)	**356,649,772**	4,092,774	679,147
	11,462,851,424	16,785,001,468	14,104,898,677
EXPENSES			
Interest expense (Note 14)	**4,513,147,538**	4,498,224,225	4,430,419,554
Cost of real estate sales (Note 8)	**9,187,468**	4,030,419,466	1,025,949,400
General and administrative expenses (Note 19)	**610,501,682**	593,198,861	460,587,248
Cost of rental (Note 16)	**24,846,639**	16,386,868	610,058
	5,157,683,327	9,138,229,420	5,917,566,260
INCOME BEFORE INCOME TAX	**6,305,168,097**	7,646,772,048	8,187,332,417
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 18)	**(36,652,013)**	873,418,459	164,426,896
NET INCOME	**6,341,820,110**	6,773,353,589	8,022,905,521
OTHER COMPREHENSIVE INCOME			
Items that recycle to profit or loss in subsequent periods:			
Cash flow hedge reserve (Note 14)	**18,986,270**	1,586,778	9,603,685
	18,986,270	1,586,778	9,603,685
Items that do not recycle to profit or loss in subsequent periods:			
Fair value reserves on financial assets at FVOCI (Note 12)	**2,671,212,223**	242,676,140	1,198,956,198
Net unrealized gains (losses) on remeasurement of defined benefit plan (Note 17)	**6,082,409**	1,605,391	(6,745,469)
Income tax effect	**(1,824,723)**	(481,617)	2,023,641
	2,675,469,909	243,799,914	1,194,234,370
	2,694,456,179	245,386,692	1,203,838,055
TOTAL COMPREHENSIVE INCOME	**₱9,036,276,289**	₱7,018,740,281	₱9,226,743,576

See accompanying Notes to Parent Company Financial Statements.

GT CAPITAL HOLDINGS, INC.
PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 15)	Additional Paid-in Capital (Note 15)	Retained Earnings Unappropriated (Note 15)	Retained Earnings Appropriated (Note 15)	Cash Flow Hedge Reserve (Note 14)	Fair Value Reserves on Financial Assets at FVOCI (Note 12)	Net Unrealized Gain (Loss) on Remeasurement of Defined Benefit Plan (Note 17)	Total Equity
Balance at January 1, 2021	**₱3,370,275,870**	**₱98,826,717,619**	**₱17,643,699,114**	**₱400,000,000**	**(₱50,996,503)**	**₱1,672,753,964**	**(₱2,048,438)**	**₱121,860,401,626**
Total comprehensive income for the year	–	–	**6,341,820,110**	**–**	**18,986,270**	**2,671,212,223**	**4,257,686**	**9,036,276,289**
Cash dividends declared (Note 15)	–	–	**(1,235,396,403)**	**–**	**–**	**–**	**–**	**(1,235,396,403)**
Balance at December 31, 2021	**₱3,370,275,870**	**₱98,826,717,619**	**₱22,750,122,821**	**₱400,000,000**	**(₱32,010,233)**	**₱4,343,966,187**	**₱2,209,248**	**₱129,661,281,512**
Balance at January 1, 2020	₱3,370,275,870	₱98,826,717,619	₱12,751,595,692	₱400,000,000	(₱52,583,281)	₱1,430,077,824	(₱3,172,212)	₱116,722,911,512
Total comprehensive income for the year	–	–	6,773,353,589	–	1,586,778	242,676,140	1,123,774	7,018,740,281
Cash dividends declared (Note 15)	–	–	(1,881,250,167)	–	–	–	–	(1,881,250,167)
Balance at December 31, 2020	₱3,370,275,870	₱98,826,717,619	₱17,643,699,114	₱400,000,000	(₱50,996,503)	₱1,672,753,964	(₱2,048,438)	₱121,860,401,626
Balance at January 1, 2019	₱3,210,805,840	₱85,592,299,831	₱2,711,728,088	₱17,000,000,000	(₱62,186,966)	₱231,121,626	₱1,549,616	₱108,685,318,035
Stock dividends declared (Note 15)	159,470,030	13,234,417,788	(13,395,482,520)	–	–	–	–	(1,594,702)
Total comprehensive income for the year	–	–	8,022,905,521	–	9,603,685	1,198,956,198	(4,721,828)	9,226,743,576
Cash dividends declared (Note 15)	–	–	(1,187,555,397)	–	–	–	–	(1,187,555,397)
Reversal of appropriations during the year	–	–	16,600,000,000	(16,600,000,000)	–	–	–	–
Balance at December 31, 2019	₱3,370,275,870	₱98,826,717,619	₱12,751,595,692	₱400,000,000	(₱52,583,281)	₱1,430,077,824	(₱3,172,212)	₱116,722,911,512

See accompanying Notes to Parent Company Financial Statements.

GT CAPITAL HOLDINGS, INC.
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱6,305,168,097**	₱7,646,772,048	₱8,187,332,417
Adjustments for:			
Dividend income (Notes 9, 12 and 21)	**(10,618,315,526)**	(8,563,333,049)	(8,618,076,570)
Interest expense (Note 14)	**4,513,147,538**	4,498,224,225	4,430,419,554
Interest income (Notes 6, 7 and 21)	**(353,910,449)**	(293,883,839)	(212,432,035)
Gain on financial assets at FVTPL (Notes 12 and 21)	**(89,312,852)**	(112,648,266)	(135,023,202)
Depreciation and amortization (Notes 10, 11 and 19)	**21,931,345**	20,918,688	18,723,171
Retirement expense (Notes 17 and 20)	**13,185,407**	11,248,901	6,256,245
Foreign exchange loss (gain), net	**(4,521,915)**	2,757,791	162,887
Gain on disposal of investment in shares (Note 9)	**–**	–	(4,000,000,000)
Changes in operating assets and liabilities			
Decrease (increase) in:			
Financial assets at FVTPL (Note 12)	**(4,899,575,398)**	1,102,054,263	(1,382,072,028)
Receivables (Note 7)	**1,052,260,766**	(8,738,444,772)	(8,877,006)
Inventories (Note 8)	**(105,632,251)**	3,869,368,958	1,025,949,400
Other current assets (Note 8)	**(395,271,028)**	(74,033,143)	(2,226,605,423)
Increase (decrease) in:			
Accounts payable, accrued expenses and other payables (Note 13)	**(33,971,956)**	190,368,524	11,579,290
Noncurrent liabilities	**(25,886,005)**	1,073,978,875	12,000,000
Net cash provided by (used in) operations	**(4,620,704,227)**	633,349,204	(2,890,663,300)
Dividends received	**10,618,315,526**	8,323,333,049	9,268,846,523
Interest received	**7,704,587**	296,753,464	222,131,733
Income taxes paid (Note 18)	**(11,858,513)**	(52,372,601)	(156,170,489)
Contributions to retirement plan assets (Note 17)	**(6,095,289)**	(11,406,314)	(11,220,345)
Net cash provided by operating activities	**5,987,362,084**	9,189,656,802	6,432,924,122
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property and equipment (Note 10)	**(5,691,493)**	(9,907,013)	(7,144,648)
Software costs (Note 11)	**(7,938,421)**	(5,938,036)	(1,654,592)
Investment properties (Note 11)	**(6,385,023)**	(4,749,116)	–
Financial assets at FVOCI (Note 12)	**(387,500,992)**	–	–
Additions to:			
Investment in associates (Note 9)	**–**	(1,247,138,413)	(836,527,325)
Investment in subsidiaries (Note 9)	**–**	(565,000,000)	(100,000,000)
Investment in joint ventures (Note 9)	**(800,000,000)**	(800,000,000)	–
Proceeds from:			
Disposal of property and equipment (Note 10)	**–**	114,583	–
Increase in other noncurrent assets	**–**	(1,516,386)	–
Net cash used in investing activities	**(1,207,515,929)**	(2,634,134,381)	(945,326,565)

(Forward)

	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	**(₱4,425,729,798)**	(₱4,421,455,015)	(₱4,348,937,149)
Settlement of:			
Bonds payable (Note 14)	**(5,000,000,000)**	(3,900,000,000)	(3,000,000,000)
Long-term loans (Note 14)	**(25,000,000)**	(25,000,000)	–
Lease liabilities (Note 16)	**(14,108,345)**	(12,334,858)	(9,993,942)
Proceeds from:			
Availment of loans payable (Note 14)	**5,000,000,000**	4,000,000,000	3,000,000,000
Cash dividends paid (Note 15)	**(1,235,396,403)**	(1,881,250,167)	(1,187,555,397)
Payment of documentary stamp taxes on loan availment (Note 14)	**(37,500,000)**	(30,000,000)	(22,500,000)
Payment of stock issuance costs (Note 15)	**–**	–	(1,594,702)
Net cash provided by (used in) financing activities	**(5,737,734,546)**	(6,270,040,040)	(5,570,581,190)
Effect of exchange rate changes on cash and cash equivalents	**(22,605,905)**	(2,757,791)	(15,485,082)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(980,494,296)**	282,724,590	(98,468,715)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**3,857,658,327**	3,574,933,737	3,673,402,452
CASH AND CASH EQUIVALENTS AT END OF YEAR	**₱2,877,164,031**	₱3,857,658,327	₱3,574,933,737

See accompanying Notes to Parent Company Financial Statements.

GT CAPITAL HOLDINGS, INC.
NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information

GT Capital Holdings, Inc. (GT Capital or the Parent Company) was organized and registered with the Philippine Securities and Exchange Commission (SEC) on July 26, 2007. The primary purpose of the Parent Company is to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, lease, mortgage, exchange, develop or otherwise dispose of real property of every kind and description, including shares of stock, bonds, debentures, notes, evidences of indebtedness, and other securities or obligations of any corporation or corporations, associations, domestic or foreign, and to possess and exercise in respect thereof all the rights, powers and privileges of ownership, including all voting powers of any stock so owned.

The common shares of the Parent Company were publicly listed beginning April 20, 2012 and have since been traded in the Philippine Stock Exchange, Inc. (PSE).

The Parent Company, Federal Land, Inc. (Fed Land) and Subsidiaries (Fed Land Group), Toyota Motor Philippines Corporation (Toyota or TMPC) and Subsidiaries (Toyota Group), Toyota Manila Bay Corp. (TMBC) and Subsidiary (TMBC Group) and GT Capital Auto and Mobility Holdings, Inc. (GTCAM) and Subsidiaries (GTCAM Group) are collectively referred herein as the "Group". The Parent Company, which is the ultimate parent of the Group, is the holding company of the Fed Land Group (real estate business), Toyota Group (automotive business), TMBC Group (automotive business) and GTCAM Group (automotive and mobility business), is engaged in investing, purchasing and holding shares of stock, notes and other securities and obligations, as well as buying, selling, and leasing of real estate properties.

The Parent Company also has significant shareholdings in Metropolitan Bank & Trust Co. (MBTC or Metrobank), Metro Pacific Investments Corporation (MPIC), Philippine AXA Life Insurance Corporation (AXA Philippines or Phil AXA), Toyota Financial Services Philippines Corporation (TFSPC) and Sumisho Motor Finance Corporation (SMFC).

The registered office address of the Parent Company is at the 43rd Floor, GT Tower International, Ayala Avenue corner H.V. Dela Costa Street, Makati City.

2. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying parent company financial statements have been prepared under the historical cost basis, except for financial assets at fair value through profit and loss (FVTPL), financial assets at fair value through other comprehensive income (FVOCI), and derivative financial instruments, which have been measured at fair value, and are presented in Philippine Peso (₱), the Parent Company's functional currency. All values are rounded off to the nearest peso unless otherwise indicated.

Statement of Compliance

The accompanying parent company financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic.

These parent company financial statements are the separate financial statements of the Parent Company for management's use and for regulatory filing purposes. These parent company financial statements account for the Parent Company's investments in subsidiaries, associates and joint ventures at cost as provided for under Philippine Accounting Standard (PAS) 27, *Separate Financial Statements* (Note 9).

The Parent Company's subsidiary, Federal Land Group, has availed of the relief granted by the SEC under Memorandum Circular (MC) No. 34-2020, which further extended the deferral of PIC Q&A 2018-12-D (assessment if the transaction price includes a significant financing component) until December 31, 2023.

The Parent Company also prepares and issues consolidated financial statements as at and for the same period ended as these separate financial statements. Such consolidated financial statements provide information about the economic activities of the Parent Company and its subsidiaries, associates and joint ventures and may be obtained from the Parent Company's registered office address.

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

The table below lists the Parent Company's significant investments in subsidiaries, associates and joint ventures, their corresponding principal place of business/country of incorporation, as well as the Parent Company's proportion of the ownership interest held in these entities:

		Direct Percentages of Ownership		Effective Percentages of Ownership	
	Country of	**December 31**		**December 31**	
	Incorporation	**2021**	2020	**2021**	2020
Subsidiaries					
Fed Land Group	Philippines	**100.00**	100.00	**100.00**	100.00
Toyota Group	-do-	**51.00**	51.00	**51.00**	51.00
TMBC Group	-do-	**58.10**	58.10	**58.10**	58.10
GTCAM Group	-do-	**100.00**	100.00	**100.00**	100.00
Associates					
MBTC	Philippines	**37.15**	37.15	**37.15**	37.15
AXA Philippines	-do-	**25.33**	25.33	**25.33**	25.33
MPIC	-do-	**16.30**	15.98	**16.30**	15.98
Joint Ventures					
TFSPC	Philippines	**40.00**	40.00	**40.00**	40.00
SMFC	-do-	**20.00**	20.00	**20.00**	20.00

Federal Land's Subsidiaries

	Percentages of Ownership	
	2021	2020
Horizon Land Property and Development Corp. (HLPDC)	**100.00**	100.00
Federal Property Management Corp. (FPMC)	**100.00**	100.00
Federal Land Orix Corporation (FLOC)	**100.00**	100.00
Topsphere Realty Development Company Inc. (TRDCI)	**100.00**	100.00
Bonifacio Landmark Hotel Management Corporation (BLHMC)	**100.00**	100.00
Fed South Dragon Corporation (FSDC)	**100.00**	100.00
Federal Retail Holdings, Inc. (FRHI)	**100.00**	100.00
Magnificat Resources Corp. (MRC)	**100.00**	100.00
Central Realty and Development Corp. (CRDC)	**75.80**	75.80
Federal Brent Retail, Inc. (FBRI)	**51.66**	51.66

Toyota's Subsidiaries

	Percentages of Ownership	
	2021	2020
Toyota Makati, Inc. (TMI)	**100.00**	100.00
Toyota Motor Philippines Logistics, Inc. (TLI)	**100.00**	100.00
Lexus Manila, Inc. (LMI)	**75.00**	75.00
Toyota San Fernando Pampanga, Inc. (TSFI)	**55.00**	55.00
Toyota Sta. Rosa Laguna, Inc. (TSRLI)	**–**	100.00

On December 29, 2020, GTCAM and Toyota Corolla Sapporo Philippines Holdings, Inc. (TCSPHI) entered into a Share Sale and Purchase Agreement with TMPC. TMPC agreed to sell and transfer its 5,000,000 shares of TSRLI shares with a par value of ₱100.00 per share, representing the aggregate 100% of the total issued and outstanding voting shares of TSRLI, to GTCAM and TCSPHI. 60% of the sale shares equivalent to 3,000,000 shares were sold and transferred to GTCAM and the remaining 40% or 2,000,000 shares were sold and transferred to TCSPHI. The said agreement took effect on January 1, 2021.

TMBC's Subsidiaries

	Percentages of Ownership	
	2021	2020
Oxfordshire Holdings, Inc. (OHI)	**100.00**	100.00
TMBC Insurance Agency Corporation (TIAC)	**100.00**	100.00

GTCAM's Subsidiaries

	Percentages of Ownership	
	2021	2020
Toyota Sta. Rosa Laguna, Inc. (TSRLI)*	**60.00**	–
GT Mobility Ventures, Inc. (GTMV)	**66.67**	66.67
Toyota Subic, Inc. (TSI)	**55.00**	55.00

** Refer to the narratives on Toyota's Subsidiaries' above.*

Changes in Accounting Policies and Disclosures

The accounting policies adopted in preparation of the parent company financial statements are consistent with those of the previous year except for the following new and amended PFRSs and PAS which were adopted as of January 1, 2021. The parent company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the parent company.

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond June 30, 2021*
  The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:
  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
  - There is no substantive change to other terms and conditions of the lease.

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

The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted.

The Parent Company adopted the amendment beginning April 1, 2021.

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*
  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR):
  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform;
  - Relief from discontinuing hedging relationships; and
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

  The Parent Company shall also disclose information about:
  - The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
  - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition.

  The Parent adopted the amendments beginning January 1, 2021. The details and impact of the adoption are discussed in Note 14.

Significant Accounting Policies

Current versus Noncurrent Classification
The Parent Company presents assets and liabilities in the parent company statements of financial position based on current/noncurrent classification. An asset is current when:

- It is expected to be realized or intended to be sold or consumed in normal operating cycle
- It is held primarily for the purpose of trading
- It is expected to be realized within twelve months after the reporting period

All other assets are classified as noncurrent.

A liability is current when:

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

The Parent Company classifies all other liabilities as noncurrent.

Deferred income tax asset and liability are classified as noncurrent asset and liability, respectively.

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

Fair Value Measurement
The Parent Company measures financial instruments, such as financial assets at FVTPL and at FVOCI, and derivative financial instruments, at fair value at each reporting date.

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

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

The principal or the most advantageous market must be accessible to the Parent Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

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

Financial Instruments – Initial Recognition and Subsequent Measurement
Date of recognition
The Parent Company recognizes a financial asset or a financial liability in the parent company statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time

frameestablished by regulation or convention in the marketplace are recognized on the trade date, which is the date when the Parent Company commits to purchase or sell assets.

a. Financial assets
Initial recognition of financial instruments
At initial recognition, financial assets are classified as, and subsequently measured at amortized cost, FVTPL and FVOCI.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Parent Company's business model for managing them. The Parent Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Receivables are measured at the transaction price determined under PFRS 15. Refer to the accounting policies on Revenue from contracts with customers.

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

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

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

Financial assets at amortized cost
This category is the most relevant to the Parent Company. The Parent Company measures financial assets at amortized cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold the financial asset in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Parent Company's financial assets at amortized cost include cash and cash equivalents, receivables, and security deposits.

Financial assets at FVOCI (debt instruments)
The Parent Company measures debt instruments at FVOCI if both of the following conditions are met:
- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Parent Company does not have debt instruments at FVOCI.

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

Gains and losses on these financial assets can no longer be recycled to profit or loss. Foreign exchange revaluations are recognized in OCI. Dividends are recognized as other income in the parent company statements of comprehensive income when the right of payment has been established, except when the Parent Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Parent Company's financial assets at FVOCI include investments in quoted equity instruments.

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

This category includes investments in UITF as held for trading and classified these as FVTPL.

<u>Derecognition</u>
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the parent company statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Parent Company has transferred its rights to receive cash flows from the asset or has an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Parent Company has transferred substantially all

the risks and rewards of the asset, or (b) the Parent Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Parent Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Parent Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Parent Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Parent Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Parent Company could be required to repay.

Impairment of Financial Assets

The Parent Company recognizes an allowance for ECLs for all debt instruments not held at FVTPL. ECL represents credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime ECL), unless there has been no significant increase in credit risk (SICR) since origination, in which case, the allowance is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are credit losses that results from all possible default events over the expected life of a financial instrument.

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

For cash and cash equivalents, the Parent Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Parent Company's policy to measure ECLs on such 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. The Parent Company uses the ratings from reputable credit rating agencies to determine whether the debt instrument has SICR and to estimate ECLs.

The Parent Company considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

The key inputs in the model include the Parent Company's definition of default and historical data of three years for the origination date, maturity date and default date. The Parent Company considers receivables in default when contractual payment are 120 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 90 days and beyond. However, in certain cases, the Parent Company may also consider a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive

the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company.

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

The Parent Company considers that there has been a SICR when contractual payments are more than 90 days past due.

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

b. Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Parent Company's financial liabilities include "Accounts payable, accrued expenses and other payables", "Dividends payable", "Loans payable" and "Bonds payable".

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

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

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

This category generally applies to loans and bonds payable.

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

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

No gains or losses on liabilities held for trading are recognized in the parent company statements of comprehensive income.

Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Parent Company has not designated any financial liability as at FVTPL.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or 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. The difference in the respective carrying amounts is recognized in the parent company statements of comprehensive income.

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

d. Derivative Financial Instruments and Hedge Accounting
The Parent Company uses derivative financial instruments such as interest rate swap to hedge its interest rate risks. Such derivative financial instruments are initially recognized at fair value on the date in which a derivative transaction is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from the changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized as OCI.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment; or
- Cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Parent Company actually hedges and the quantity of the hedging instrument that the Parent Company actually uses to hedge that quantity of the hedged item.

Hedges are accounted for as fair value hedges or cash flow hedges.

Fair value hedges
The change in the fair value of a hedge instrument is recognized in the parent company statements of comprehensive income. The change in the fair value attributable to the risk hedged is recorded as part of the carrying value of the hedge instrument and is also recognized in parent company statements of comprehensive income.

For fair value hedges carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortization is initiated when an adjustment exists and no later than when the hedged instrument ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

In case of derecognition, the unamortized fair value of the hedged instrument is recognized immediately in the parent company statements of comprehensive income.

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognized in OCI, while any ineffective portion is recognized immediately in the parent company statements of comprehensive income. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in the fair value of the hedged instrument.

The amounts accumulated in OCI are accounted for depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which hedged cash flows affect profit or loss.

If hedge accounting is discontinued, the amount accumulated in OCI shall remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount shall be reclassified to profit or loss as a reclassification adjustment. When the hedged cash flow occurs, any amount remaining in accumulated OCI shall be accounted for depending on the nature of the underlying transaction.

<u>Inventories</u>
Real estate inventories
Property acquired for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as real estate inventory. Real estate inventories consist of land and improvements are carried at the lower of cost or net realizable value (NRV). Cost includes land cost.

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

Investments in Subsidiaries, Associates and Joint Ventures

Investment in subsidiaries

Subsidiaries are all entities over which the Parent Company has control. The Parent Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investment in associates and joint ventures

An associate is an entity over which the Parent Company has significant influence but not control, generally accompanying a shareholding of between 20.00% and 50.00% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Parent Company's investments in subsidiaries, associates and joint ventures are carried at cost less any impairment in value. Under the cost method, the Parent Company recognizes income from the investment only to the extent that the investor receives distributions from accumulated profits of the subsidiary, associate or joint venture arising after the date of acquisition. Distributions received in excess of such profits are regarded as recovery of the investment and are recognized as a reduction of the cost of the investment.

Investment Properties

Investment properties consist of properties that are held to earn rentals and that are not occupied by the Parent Company. Investment properties, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in residual value. Land is carried at cost less any impairment in value.

Depreciation and amortization of investment properties are computed using the straight-line method over the estimated useful lives (EUL) of the properties which is 37 years.

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

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

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any impairment in value. The initial cost of property and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use, including capitalized borrowing costs.

Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the item will flow to the Parent Company and the cost of the items can be measured reliably. All other repairs and maintenance are charged against operations as incurred.

Depreciation and amortization of property and equipment commences once the property and equipment are available for use and are calculated on the straight-line basis over the following estimated useful lives (EUL):

	Years
Transportation equipment	5
Furniture and fixtures	3
Office equipment	3 to 5
Leasehold improvements	2 to 10 or remaining lease term (whichever is shorter)

The assets' residual values, EUL and depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

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

Fully depreciated assets are still carried in the accounts until they are no longer in use and no further depreciation is charged against current operations.

Software Costs

Costs that are directly associated with identifiable and unique software controlled by the Parent Company and will generate economic benefits exceeding costs beyond one year are recognized as intangible assets to be measured at cost less accumulated amortization and provision for impairment losses, if any. Costs associated with acquiring the software development programs are recognized as expense when incurred.

Expenditures which enhance or extend the performance of software programs beyond their original specifications are recognized as capital improvements and added to the original cost of the software. Software costs recognized as assets are amortized using the straight-line method over the estimated useful life of three to five years. Where an indication of impairment exists, the carrying amount of software is assessed and written down immediately to its recoverable amount.

Impairment of Non-financial Assets

Investments in subsidiaries, associates and joint ventures, property and equipment and software costs

The Parent Company assesses at each reporting date whether there is an indication that its non-financial assets (e.g., investments in subsidiaries, associates and joint ventures, property and equipment and software costs) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Parent Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in profit or loss in the parent company statements of comprehensive income under those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss in the parent company statements of comprehensive income unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase. After such reversal the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Equity

The Parent Company records common stock and preferred stock at par value and additional paid-in capital in excess of the total contributions received over the aggregate par values of the equity share. Incremental costs incurred directly attributable to the issuance of new shares are deducted from proceeds.

Capital stock

The Parent Company has issued common stock and preferred stock that are classified as equity. Incremental costs directly attributable to the issue of new common stock are shown in equity as a deduction, net of tax, from the proceeds. All other equity issuance costs are recognized as expense as incurred.

Where the Parent Company purchases its own common stock (treasury shares), the consideration paid, including any directly attributable incremental costs (net of applicable taxes) is deducted from equity until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity.

Additional paid-in capital

The amount of contribution in excess of par value is accounted for as additional paid-in capital. Additional paid-in capital also arises from additional capital contribution from the shareholders.

The transaction costs incurred from the Company's stock issuance is accounted for as a deduction from additional paid-in-capital to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Retained earnings
Retained earnings represent accumulated earnings of the Parent Company less dividends declared, if any. Dividends on capital stock are recognized as a liability and deducted from equity when declared. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date. Retained earnings may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

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

Other Comprehensive Income
OCI comprises items of income and expenses that are recognized directly in equity. OCI items are either reclassified to profit or loss or directly to equity in subsequent periods.

Revenue Recognition
Revenue within the scope of PFRS 15
Timing of revenue recognition may change depending on when the performance obligation is satisfied, either at a point in time or over time. The Parent Company recognizes revenue from services at a point in time when the services are transferred to the customers and fulfills the performance obligations. In order to determine whether the control over the services is transferred over time, the Parent Company determines whether the customer simultaneously obtains and consumes the benefits provided by the Parent Company's performance and whether the Parent Company has the right to make executable claims for the portion that has been completed so far.

The Parent Company allocates the transaction prices based on the stand-alone selling prices to the various performance obligations identified in a single contract.

The Parent Company estimates the amounts of consideration depending on which method the entity expects to better predict the amount of consideration to which it will be entitled - the expected value or the most likely amount. Variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the cumulative amount of revenue recognized will not occur in the future periods.

If the period between the transfer of the services promised to the customer and the payment of the customer is within one year, a practical simple method that does not adjust the promised price for a significant financing component is used.

Real estate sales
The Parent Company derives its real estate revenue from sale of undeveloped lots. Real estate revenue is recognized upon transfer of services to the customer at an amount that reflects the consideration which the Parent Company expects to be entitled in exchange for those services. The Company is acting as a principal in all its arrangement transactions.

Cost recognition
The Parent Company recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets.

Cost of real estate sales
Cost of real estate sales is recognized consistent with the revenue recognition method applied. The cost of inventory recognized in the statement of income upon sale is determined with reference to the specific costs incurred on the property.

In addition, the Parent Company recognizes as an asset only costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

Revenue outside the scope of PFRS 15
Rental income
Rental income under noncancellable and cancellable leases on investment properties is recognized in the statement of income on a straight-line basis over the lease term and the terms of the lease, respectively, or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract.

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

Interest income
Interest income is recognized as it accrues using the effective interest method.

Gain on financial assets at FVTPL
Gain on financial assets at FVTPL represent gains realized from sale of unit investment trust fund (UITF) investments and unrealized marked to market gain on UITF investments.

Gain on sale of interest in subsidiaries – net
Gain on sale of interest in subsidiaries is recognized when risks and rewards of ownership have been transferred to the buyer and the collectability of the sales price is reasonably assured. Gain is calculated as the difference between the carrying amount of the investment and the proceeds of the sale.

Expense Recognition
Expenses are recognized when it is probable that a decrease in the future economic benefits related to a decrease in asset or an increase in liability has occurred, and the decrease in economic benefits can be measured reliably. Expenses that may arise in the course of ordinary and regular activities of the Parent Company include, among others, operating expenses on the Parent Company's day-to-day activities. Expenses are recognized when incurred.

Interest expense
Interest expense on loans is recognized in profit or loss as it accrues and is calculated using the effective interest method.

Pension Costs
The Parent Company has a funded, noncontributory defined benefit retirement plan, administered by a trustee covering its permanent employees.

Pension cost is actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial valuations are conducted with sufficient regularity, with option to accelerate when significant changes to underlying assumptions occur.

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

Defined benefit costs comprise the following:

(a) service cost;
(b) net interest on the net defined benefit liability or asset; and
(c) remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss in the parent company statements of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

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

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

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

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

Value-added Tax (VAT)

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

- where the VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the input VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- for receivables and payables that are stated with the amount of the VAT included.

The net amount of VAT recoverable from the tax authority is included under 'Other current assets' in the parent company statement of financial position.

Income Tax

Current tax

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

Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefit of unused tax credits from the excess of 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 carryforward benefit of unused tax credits from MCIT and NOLCO can be utilized. Deferred income tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.

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 future taxable income will be available to allow all or part of the deferred tax assets to be utilized.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred taxes related to the same taxable entity and the same taxation authority. Current tax and deferred tax relating to items recognized directly in equity is also recognized in equity.

Foreign Currency Transactions

Transactions denominated in foreign currency are recorded using the exchange rate prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated using the closing exchange rates prevailing at reporting date. Nonmonetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. All foreign exchange difference are taken to the parent company statements of comprehensive income.

Leases

Parent Company as lessee

The Parent Company assesses at contract inception whether a contract is, or contains a lease. A contract contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Parent Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Parent Company recognizes lease liabilities to make lease payments and ROU asset representing the right to use the underlying assets.

ROU asset
The Parent Company recognizes ROU asset (included in 'Property and Equipment') at the commencement date of the lease (i.e. the date the underlying asset is available for use). ROU asset is measured at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU asset includes the amount of lease liabilities recognized and lease payments made at or before the commencement date less any lease incentives received. ROU asset is depreciated on a straight line basis over the shorter of the lease term and the estimated useful life of the asset, as follows:

	Years
Office space	2 to 3

Lease liabilities
At the commencement date of the lease, the Parent Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Parent Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest (included in 'Interest expense) and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments.

Short-term leases and leases of low-value assets
The Parent Company applies the short-term lease recognition exemption to its short-term leases of office spaces (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of other equipment that are considered to be of low value (i.e., those with value of less than ₱250,000). Lease payments on short-term leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Parent Company as lessor
Leases where the Parent Company does not transfer substantially all the risk and benefits of ownership of the assets are classified as operating leases. Lease payments received are recognized as an income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

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

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

Events after the Reporting Date
Post year-end events that provide additional information about the Parent Company's position at the reporting date (adjusting events) are reflected in the parent company financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the parent company financial statements when material.

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

Effective beginning on or after January 1, 2022

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

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

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

- Amendments to PAS 16 , *Plant and Equipment: Proceeds before Intended Use*
  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in the statement of income.

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

- Amendments to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets, Onerous contract – costs of fulfilling a contract*
  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

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

- Annual *Improvements to PFRSs 2018-2020 Cycle*
  - Amendments to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards, Subsidiary as a first-time adopter*
    The amendments permit a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

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

  - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition financial liabilities*
    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

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

  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*
    The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

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

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Income Taxes, Deferred tax related to assets and liabilities arising from a single transaction*
  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

  The amendment is effective for annual reporting periods beginning on or after January 1, 2023 to transactions that occur on or after the beginning of the earliest comparative period presented.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of accounting estimates*
  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted.

- Amendments to PAS 1, *Presentation of Financial Statements, and PFRS Practice Statement 2, Disclosure of Accounting Policies*
  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:
  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

  The amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023, with early adoption permitted.

Effective beginning on or after January 1, 2024

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024.

Effective beginning on or after January 1, 2025

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

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:
  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  On December 15, 2021, the Financial Reporting Standards Council (FRSC) amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission, which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investor's interests in the associate or joint venture.

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

3. Management's Judgments and Use of Estimates

The preparation of the parent company financial statements in compliance with PFRSs requires management to make judgments and estimates that affect the amounts reported in the Parent Company's financial statements and accompanying notes.

The judgments and estimates used in the accompanying parent company financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including future events that are believed to be reasonable under circumstances.

Judgments

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

Distinction between investment properties and owner-occupied properties

The Parent Company determines whether a property qualifies as investment property. In making its judgment, the Parent Company considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to the other assets used in the production or supply process.

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

Assessment of control over investees

The determination on whether the Parent Company has control over an investee requires significant judgment. For this, the Parent Company considers the following factors: (a) power over the investee, (b) exposure, or rights, to variable returns from its involvement with the investee; and (c) the ability to use its power over the investee to affect the amount of the investor's returns. In assessing whether the Parent Company has power over the investee, the Parent Company assesses whether it has existing rights that give it the current ability to direct the relevant activities of the investee.

Accounting for redemption of shares in Property Company of Friends, Inc. (PCFI)

In assessing whether the Parent company has lost control over PCFI, the Parent Company considers if the following factors are still present: (a) power over the investee, (b) exposure, or rights, to variable returns from its involvement with the investee; and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The Parent Company assessed that it lost control over PCFI upon the signing of redemption agreement, combined with the approval of the transaction by the Philippine Competition Commission. See Note 9 for the details of the transaction.

Joint arrangements
The Parent Company has investments in joint arrangements. The Parent Company has joint control over these arrangements as under the contractual agreements, unanimous consent is required from all the parties to the agreements for all relevant activities.

Determination of significant influence over another entity
The determination of significant influence over another entity, other than the rebuttable presumption of ownership over twenty percent (20.0%), requires significant judgment. In making judgment, the Parent Company evaluates existence of the following:

- representation on the BOD or equivalent governing body of the investee;
- participation in policy-making processes, including participation in decisions about dividends or other distributions;
- material transactions between the entity and its investee;
- interchange of managerial personnel; or
- provision of essential technical information.

As at December 31, 2021 and 2020, the Parent Company determined that it exercises significant influence over MPIC in which it holds 16.30% and 15.98 % ownership interest, respectively. Although the Parent Company holds less than 20.0% of the ownership interest and voting rights in MPIC, the Parent Company considers that it exercises significant influence through its entitlement to nominate at least two (2) out of fifteen (15) directors of MPIC. The Parent Company is also entitled to nominate one (1) out of three (3) members in each of the Audit Committee (AC), Risk Management Committee (RMC) and Finance Committee (GC) of MPIC.

The combination of the Parent Company's 16.30% ownership over MPIC and representation in the BOD, AC, RMC and FC of MPIC provides the Parent Company with the ability to exercise significant influence over the operating and financial policies of MPIC. Accordingly, the Parent Company accounted for its investment in MPIC as an associate using equity method of accounting.

Existence of a contract
The Parent Company's primary document for a contract with a customer is a signed contract to sell. Part of the assessment process of the Parent Company before revenue recognition is to assess the probability that the Parent Company will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history with the customer, age and pricing of the property.

Management's Use of Estimates
The key assumptions concerning the future and other key sources of estimation and uncertainty at the financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Evaluating net realizable value of inventories
Inventories are valued at the lower of cost and net realizable value. The Parent Company reviews its inventory to assess NRV at least annually. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

Evaluating impairment of investments in subsidiaries, associates and joint ventures
The Parent Company reviews its investments in subsidiaries, associates and joint venture for any impairment of value. This includes considering certain indications of impairment such as significant decline in assets' market value, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

The Parent Company estimates the amount of impairment as being the difference between the recoverable amount and the carrying value of the Parent Company's investment in the investee company. In determining the fair value of the shares of the investee company, the Parent Company is required to make estimates and assumptions that may affect the investments in subsidiaries, associates and joint ventures.

Management considers significant and prolonged decline in the quoted market price of MBTC and MPIC as an indicator of impairment. Accordingly, the Parent Company conducted an impairment assessment of its investment in MBTC and MPIC. The Parent Company uses the higher between fair value less cost to sell and value in use in determining the recoverable amount. The recoverable amount of the investment in MBTC has been determined based on the discounted cash flow methodology while that of MPIC is determined based on the sum of the parts of the VIU and FVLCTS of the MPIC Group. Based on the Parent Company's impairment testing, the investments in MBTC and MPIC is determined to be not impaired.

The carrying amounts of investments in subsidiaries, associates and joint ventures as of December 31, 2021 and 2020 are disclosed in Note 9.

Fair value of financial instruments
Where the fair values of financial assets and financial liabilities recorded in the parent company statements of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity and correlation.

The carrying values and corresponding fair values of financial instruments, as well as the manner in which fair values were determined, are discussed in more detail in Note 4.

Estimating pension and other retirement benefits
The determination of the obligation and cost of pension and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 17 to the parent company financial statements and include among others, discount rates and rates of salary increase. While the Parent Company believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions materially affect retirement obligations.

The present value of the retirement obligation and fair value of plan assets, including the details of the assumptions used in the calculation, are disclosed in Note 17.

Recognition of deferred tax assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The recognized and unrecognized deferred tax assets on temporary differences of the Parent Company are disclosed in Note 18.

4. Fair Value Measurement

The methods and assumptions used by the Parent Company in estimating the fair value of the financial instruments are as follows:

Cash and cash equivalents, accrued interest payable, accounts payable, accrued expenses and dividends payable
Carrying amounts approximate fair values due to relatively short-term maturities of these financial instruments.

Receivables
The fair value of receivables due within one year approximates its carrying amounts. The fair value of trade receivable is based on the discounted value of future cash flows using the applicable rates for similar types of instruments. The discount rates used were 2.85% to 6.29% as of December 31, 2021 and 2020.

Financial assets at FVTPL
UITFs are ready-made investments that allow pooling of funds from different investors with similar investments objectives. These UITFs are managed by professional fund managers and may be invested in various financial instruments such as money market securities, bonds and equities, which are normally available to large investors only. A UITF uses the mark-to-market method in valuing the fund's securities.

Financial assets at FVOCI
Financial assets at FVOCI are based on the quoted market bid price for shares PSE listed shares and market closing price for Tokyo Stock Exchange (TSE) listed shares at the close of business on the reporting date.

Security deposits
The fair value of security deposits is determined based on the discounted value of future cash flows using the applicable interest rates for similar types of loans. As of December 31, 2021 and 2020, management has assessed that the effect of discounting is not material and carrying value approximates fair value.

Derivative financial instruments
The fair values of interest rate swap transactions are derived using acceptable valuation method. The valuation assumptions are based on market conditions existing at the reporting dates.

Loans payable
The fair value of loans payable is determined based on the discounted value of future cash flows using applicable interest rates for similar types of loans as of reporting date. The interest rates used ranged from 0.44% to 4.83% for the year ended December 31, 2021 and 2020.

Bonds payable
The fair value of the bonds payable is based on its quoted market price in the Philippine Dealing and Exchange Corporation.

The following tables summarize the carrying amount and fair value of the Parent Company's financial assets and liabilities, as well as investment properties, analyzed based on the fair value hierarchy (see accounting policy on Fair Value Measurement), except for assets and liabilities where the carrying value as reflected in the parent company statements of financial position and related notes approximate their respective fair values.

		2021			
		Fair Value			
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets measured at fair value:					
Financial Assets					
Financial assets at FVTPL	**₱8,697,448,428**	**₱–**	**₱8,697,448,428**	**₱–**	**₱8,697,448,428**
Financial assets at FVOCI	**15,713,675,024**	**15,713,675,024**	**–**	**–**	**15,713,675,024**
	₱24,411,123,452	**₱15,713,675,024**	**₱8,697,448,428**	**₱–**	**₱24,411,123,452**
Assets for which fair values are disclosed					
Financial Assets					
Trade receivables	**₱6,695,974,738**	**–**	**–**	**₱7,397,336,959**	**₱7,397,336,959**
Non-financial Assets					
Investment properties	**559,792,549**	**–**	**–**	**567,723,301**	**567,723,301**
	₱7,255,767,287	**₱–**	**₱–**	**₱7,965,060,260**	**₱7,965,060,260**
Liabilities measured at fair value					
Financial Liabilities					
Derivative liability	**₱32,010,233**	**₱–**	**₱32,010,233**	**₱–**	**₱32,010,233**
	₱32,010,233	**₱–**	**₱32,010,233**	**₱–**	**₱32,010,233**
Liabilities for which fair values are disclosed:					
Financial Liabilities					
Loans payable	**₱71,940,631,671**	**₱–**	**₱–**	**₱79,140,139,165**	**₱79,140,139,165**
Bonds payable	**10,077,470,407**	**10,448,082,067**	**–**	**–**	**10,448,082,067**
Total Financial Liabilities	**₱82,018,102,078**	**₱10,448,082,067**	**₱–**	**₱79,140,139,165**	**₱89,588,221,232**

		2020			
		Fair Value			
	Carrying Value	Level 1	Level 2	Level 3	Total
Assets measured at fair value:					
Financial Assets					
Financial assets at FVTPL	₱3,708,560,178	₱–	₱3,708,560,178	₱–	₱3,708,560,178
Financial assets at FVOCI	12,326,855,920	12,326,855,920	–	–	12,326,855,920
	₱16,035,416,098	₱12,326,855,920	₱3,708,560,178	₱–	₱16,035,416,098
Assets for which fair values are disclosed					
Financial Assets					
Trade receivables	₱7,563,538,613	₱–	₱–	₱7,884,732,214	₱7,884,732,214
Non-financial Assets					
Investment properties	557,067,873	–	–	561,338,278	561,338,278
	₱8,120,606,486	₱–	₱–	₱8,446,070,492	₱8,446,070,492
Liabilities measured at fair value					
Financial Liabilities					
Derivative liability	₱50,996,503	₱–	₱50,996,503	₱–	₱50,996,503
	₱50,996,503	₱–	₱50,996,503	₱–	₱50,996,503
Liabilities for which fair values are disclosed:					
Financial Liabilities					
Loans payable	₱67,456,914,745	₱–	₱–	₱81,180,406,638	₱81,180,406,638
Bonds payable	15,060,068,504	15,464,622,581	–	–	15,464,622,581
Total Financial Liabilities	₱82,516,983,249	₱15,464,622,581	₱–	₱81,180,406,638	₱96,645,029,219

As of December 31, 2021 and 2020, no transfers were made among the three levels in the fair value hierarchy.

The fair value of the Parent Company's investment properties has been determined based on valuations performed by third party valuers. The value of the land was estimated by using the Market Data Approach, a valuation approach that considers the sales, listings and other related market data within the vicinity of the subject properties and establishes a value estimate by processes involving comparison.

The table below summarizes the valuation techniques used for each type of investment properties held by the Parent Company:

	Valuation Techniques	**Description**
Land	Market Data Approach	A process of comparing the subject property being appraised to similar comparable properties recently sold or being offered for sale.
Building	Cost Approach	A process of determining the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation on physical wear and tear, and obsolescence.

5. Financial Risk Management and Objectives

The Parent Company's principal financial instruments comprise of cash and cash equivalents, financial assets at FVTPL and at FVOCI, dividends receivable, other receivables, security deposits (included under 'Other noncurrent assets'), accrued interest payable, accounts payable, accrued expenses, dividends payable, loans payable, bonds payable and derivative liabilities.
Exposure to (a) credit; (b) liquidity; and (c) market risks arise in the normal course of the Parent Company's business activities. The main objectives of the Parent Company's financial risk management are as follows:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and,
- to provide a degree of certainty about costs.

The BOD reviews and approves the Parent Company's risk management policies and meets regularly to approve any commercial, regulatory and organizational requirements of such policies. These policies define the Parent Company's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets and specify reporting requirements.

Credit Risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Parent Company's credit risks are primarily attributable to its financial assets. The Parent Company manages credit risk by assessing the creditworthiness of its counterparties. The Parent Company continuously monitors the financial health and status of its counterparties to ascertain that receivables from these counterparties will be substantially collected on due date.

a. Maximum exposure to credit risk after taking into account collateral held or other credit enhancements

As of December 31, 2021 and 2020, the Parent Company does not hold collateral as security or other credit enhancements on its financial assets. Thus, the Parent Company's maximum exposure to credit risk on its financial assets is equivalent to their carrying amount as reflected in the parent company statements of financial position.

b. Credit risk concentration

The tables below show the concentration of credit risk of cash and cash equivalents, financial assets at FVTPL and at FVOCI and receivables as at December 31, based on counterparty:

	2021		
Type of counterparty	**Affiliated**	**Non-affiliated**	**Total**
Cash and cash equivalents* (Note 6)	**₱1,582,780,844**	**₱1,294,343,187**	**₱2,877,124,031**
Financial assets at FVTPL (Note 12)	**8,697,448,428**	**–**	**8,697,448,428**
Receivables (Note 7)			
Current	**277,560,329**	**1,821,269,193**	**2,098,829,522**
Noncurrent	**4,987,664,446**	**1,708,310,292**	**6,695,974,738**
	₱15,545,454,047	**₱4,823,922,672**	**₱20,369,376,719**

**Excludes cash on hand amounting to ₱40,000*

	2020		
Type of counterparty	Affiliated	Non-affiliated	Total
Cash and cash equivalents* (Note 6)	₱2,387,870,492	₱1,469,747,835	₱3,857,618,327
Financial assets at FVTPL (Note 12)	3,708,560,178	–	3,708,560,178
Receivables (Note 7)			
Current	326,505,828	1,610,814,722	1,937,320,550
Noncurrent	5,317,957,498	2,245,581,115	7,563,538,613
	₱11,740,893,996	₱5,326,143,672	₱17,067,037,668

**Excludes cash on hand amounting to ₱40,000*

c. Credit quality per class of financial assets

The credit quality of the financial assets was determined as follows:

High grade represents those accounts which are rated as good by the Parent Company's internal scoring system based on its defined factors. Using statistical means, the Parent Company has established the borrowers' ability to meet their obligations in full and no loss is anticipated. The credit scoring system considers the combination of application data, internal and external data.

Standard grade represents those accounts that display potential weaknesses, by the occurrence of limited or random delinquency, which when left uncorrected, may affect the repayment of the loan and increase credit risk to the Parent Company.

Substandard grade represents those accounts which involve a substantial and unreasonable degree of risk to the Parent Company because of unfavorable record or unsatisfactory characteristics. These accounts show possibility of future loss to the Parent Company due to their weaknesses that may include impaired collateral or minimum repayment of loan.

Unrated grade represents those other assets accounts which the Parent Company has not yet defined its credit classification.

As of December 31, 2021 and 2020, all of the Parent Company's financial assets are considered to be high grade. The Parent Company has no financial assets that are either past due but not individually impaired or are individually impaired as of December 31, 2021 and 2020.

Liquidity Risk

Liquidity or funding risk is the risk that the Parent Company will encounter difficulty in raising funds to meet commitments associated with its financial instruments. Liquidity risk may result from either: the inability to sell financial assets quickly at their fair values; a counterparty failing on repayment of a contractual obligation; or the inability to generate cash inflows as anticipated.

The Parent Company manages liquidity risk through an assessment of the minimum amount of funds needed to meet operating and investment requirements, specification of the sources of funding and periodic reporting and review of the credit facilities made available to the Parent Company. To cover most of the Parent Company's investment requirements, it intends to use internally generated funds.

The tables below show the maturity profile of the Parent Company's financial assets and liabilities based on undiscounted contractual collections and payments.

	December 31, 2021			
	<1 year	**>1 to <5 years**	**>5 years**	**Total**
Financial Assets				
Cash and cash equivalents* (Notes 6 and 21)	**₱2,877,164,031**	**₱–**	**₱–**	**₱2,877,164,031**
Financial assets at FVTPL (Notes 12 and 21)	**8,697,448,428**			**8,697,448,428**
Financial assets at FVOCI (Note 12)			**15,713,675,024**	**15,713,675,024**
Trade receivables	**1,641,860,397**	**4,439,873,328**	**4,219,880,018**	**10,301,613,743**
Dividend receivable (Notes 7 and 21)	**752,580,000**			**752,580,000**
Interest receivable (Note 7)	**295,807**			**295,807**
Other receivables (Notes 7 and 21)	**25,341,189**			**25,341,189**
Total Financial Assets	**₱13,994,689,852**	**₱4,439,873,328**	**₱19,933,555,042**	**₱38,368,118,222**
Financial Liabilities				
Accrued interest payable (Notes 13 and 14)	**₱213,615,288**	**₱–**	**₱–**	**₱213,615,288**
Accounts payable (Note 13)	**63,508,791**	**–**	**–**	**63,508,791**
Dividends payable (Note 15)	**588,885,531**	**–**	**–**	**588,885,531**
Accrued expenses (Note 13)	**30,139,171**	**–**	**–**	**30,139,171**
Loans payable (Note 14)	**9,288,841,508**	**44,646,854,266**	**43,686,405,142**	**97,622,100,916**
Bonds payable (Note 14)	**535,715,700**	**10,509,821,653**	**–**	**11,045,537,353**
Total Financial Liabilities	**₱10,720,705,989**	**₱55,156,675,919**	**₱43,686,405,142**	**₱109,563,787,050**

**Excludes cash on hand amounting to ₱40,000*

	December 31, 2020			
	<1 year	>1 to <5 years	>5 years	Total
Financial Assets				
Cash and cash equivalents* (Notes 6 and 21)	₱3,858,548,157	₱–	₱–	₱3,858,548,157
Financial assets at FVTPL (Notes 12 and 21)	3,708,560,178	–	–	3,708,560,178
Financial assets at FVOCI (Note 12)	–	–	12,326,855,920	12,326,855,920
Trade receivables	1,168,551,911	4,629,746,898	5,215,422,564	11,013,721,373
Dividend receivable (Notes 7 and 21)	752,580,000	–	–	752,580,000
Interest receivable (Note 7)	829,577	–	–	829,577
Other receivables (Notes 7 and 21)	15,359,062	–	–	15,359,062
Total Financial Assets	₱9,504,428,885	₱4,629,746,898	₱17,542,278,484	₱31,676,454,267

	December 31, 2020			
	<1 year	>1 to <5 years	>5 years	Total
Financial Liabilities				
Accrued interest payable (Notes 13 and 14)	₱213,615,288	₱–	₱–	₱213,615,288
Accounts payable (Note 13)	22,150,386	–	–	22,150,386
Accrued expenses (Note 13)	25,683,945	–	–	25,683,945
Dividends payable (Note 15)	588,885,533	–	–	588,885,533
Loans payable (Note 14)	3,666,949,759	38,503,784,233	51,536,307,229	93,707,041,221
Bonds payable (Note 14)	5,692,332,436	11,045,537,353	–	16,737,869,789
Total Financial Liabilities	₱10,209,617,347	₱49,549,321,586	₱51,536,307,229	₱111,295,246,162

**Excludes cash on hand amounting to ₱40,000*

Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Parent Company's primary risk management objective is to reduce the Parent Company's exposure to changes in foreign exchange rates. To manage the currency risk, the Parent Company enters into hedging activities.

The Parent Company's foreign currency-denominated financial instruments are included in cash and cash equivalents, financial assets at FVOCI and loans payable. Cash and cash equivalents denominated in foreign currency amounted to ¥1.60 billion and ¥2.03 billion as of December 31, 2021 and 2020, respectively. Financial assets at FVOCI denominated in foreign currency amounted to ¥32.62 billion and ¥24.66 billion as of December 31, 2021 and 2020, respectively. Loans payable denominated in foreign currency amounted to ¥23.31 billion as of December 31, 2021 and 2020.

In translating the foreign currency-denominated monetary assets and liabilities into Peso amounts, the exchange rates used was ₱0.44 and ₱0.46 to ¥1.00 as at December 31, 2021 and 2020, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in the Philippine Peso-Japanese Yen exchange rate, with all variables held constant, of the Parent Company's profit before tax (due to changes in the fair value of monetary assets and liabilities) on December 31, 2021 and 2020. There is no other impact on the Parent Company's equity other than those already affecting the parent company statements of comprehensive income.

	Currency	Changes in Variable	Increase (Decrease) in Income Before Tax
2021	**JP¥**	**(0.0113)**	**(₱3,890,955)**
		0.0113	**3,890,955**
2020	JP¥	0.0041	(3,161,987)
		(0.0041)	3,161,987

The Parent Company determined the reasonably possible change in foreign exchange rate by using the absolute average change in Peso-JPY exchange rate for the past three (3) years.

Fair Value Hedge
The Parent Company's primary risk management strategy is to reduce the Parent Company's exposure to changes in foreign exchange rates. In this regard, the Parent Company designated a layer of its JPY-denominated loans payable (the "Hedging Instrument") to hedge the variability in the fair value arising from the translation of its investment in Toyota Motor Corporation (TMC) (the "Hedged Item") amounting to ¥22.05 billion due to fluctuations in JPY/PHP foreign exchange (FX) rates. The hedged risk is the variability in the fair value arising from the translation of the investments (the Hedged Items) due to fluctuations in JPY/PHP FX rates (foreign currency risk). The hedged item is the variability in the fair value arising from the translation of the investments (the Hedged Items) due to foreign currency risk. The hedging instrument is the of ¥22.05 billion layer of the principal amount of its loans payable with various lenders. The terms of the hedging relationships will end in July 2024. The effectiveness of hedging relationship is tested prospectively. All designated hedging relationships were sufficiently effective as of December 31, 2021 and 2020.

Economic relation between the hedged item and the hedging instrument was qualitatively tested by matching their critical terms. The hedged items create a foreign currency risk on the translation of investments amounting to ¥22.05 billion while the hedging instruments create the exact offset of this risk. Since the critical terms of the hedged item and hedging instrument matched, a clear economic relationship was established. The Parent Company's and the counterparty's credit risk were monitored for adverse changes. The Parent Company assessed that the risk associated with them and the counterparty is considered minimal, at inception, and during the year, and did not dominate the value changes that result from the economic relationship. The hedge ratio for hedge accounting purposes is 1:1 or 100% since only a layer of the loans payable which exactly matches the notional amount of the hedged item was designated as hedging instrument.

Interest Rate Risk
The Parent Company's interest rate exposure management policy centers on reducing the Parent Company's overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Parent Company's interest-bearing debt obligations with floating interest rate as it can cause a change in the amount of interest payments.

The Parent Company manages its interest rate risk by leveraging on its premier credit rating and maintaining a debt portfolio mix of both fixed and floating interest rates. The portfolio mix is a function of historical, current trend and outlook of interest rates, volatility of short-term interest rates, the steepness of the yield curve and degree of variability of cash flows.

There is no sensitivity to the changes in interest rates of the Parent Company's income before tax through the impact of floating rate borrowings because the risk is effectively hedged by an interest rate swap.

Cash Flow Hedge
Interest rate swap
The Parent Company entered into an interest rate swap (IRS) agreement to hedge the variability in the interest cash flows arising from its floating rate loan with various lenders (the "Loan"), attributable to changes in the three-month Japanese Yen ICE LIBOR (3m JPY LIBOR). The hedged risk is variability in interest cash flows of the Loan attributable to changes in the 3m JPY LIBOR (interest rate risk). The hedged item is the interest cash flows on the Loan which is based on 3m JPY LIBOR + margin, floored at 0%. The hedging instrument is an IRS under which the Parent Company will pay fixed interest at a rate of 0.852% per annum and receive variable interest based on 3m JPY LIBOR. The terms of the hedging relationships will end in July 2024. The effectiveness of hedging relationship is tested prospectively. The designated hedging relationship was sufficiently effective as December 31, 2021 and 2020.

An economic relation between the hedged item and the hedging instrument was qualitatively tested by matching their critical terms. The hedged item creates an exposure to pay 3m JPY ICE LIBOR (floored at 0%) + 0.65%, settled quarterly. The hedging instrument creates an exact offset of this exposure with a consequence of paying a fixed interest payment of 0.852% per annum. Since most of the critical terms of the hedged item and hedging instrument matched, a clear economic relationship was established. The Parent Company's and the counterparty's credit risk was monitored for adverse changes. The Parent Company assessed that the risk associated with them and the counterparty is considered minimal, at inception, and during the year and did not dominate the value changes that result from the economic relationship. Consistent with the hedge ratio per the Parent Company's risk management policy, the hedge ratio for hedge accounting purposes is 1:1 or 100% since the notional amount of the IRS exactly matches the notional amount of the Loan. The hedge ineffectiveness can arise from the counterparties' credit risk differently impacting the fair value movements of the hedging instrument and the hedged item.

The Parent Company is holding the following hedging instruments designated as cash flow hedges as of December 31, 2021 and 2020:

	Maturity					
	Less than 3 months	3 to 6 months	6 to 12 months	1 to 2 years	More than 2 years	Total
As at 31 December						
Interest Rate Swap						
Fixed interest rate (%)	0.852%	0.852%	0.852%	0.852%	0.852%	0.852%

The table sets out the outcome of the Parent Company's hedging strategy, the carrying amounts of the derivatives the Parent Company uses as hedging instruments and the changes in fair values used for measuring hedge ineffectiveness separately showing the effective and ineffective portions:

As at 31 December 2021	**Carrying value**	**Change in fair value of hedged item used for measuring ineffectiveness**	**Effective portion recognized in OCI**	**Hedge ineffectiveness recognized in the income statement**
Floating rate loans				
Interest rate swap				
Derivative liability (Note 14)	**₱32,010,233**	**₱18,986,270**	**₱18,986,270**	**₱–**

As at 31 December 2020	Carrying value	Change in fair value of hedged item used for measuring ineffectiveness	Effective portion recognized in OCI	Hedge ineffectiveness recognized in the income statement
Floating rate loans				
Interest rate swap				
Derivative liability (Note 14)	₱50,996,503	₱1,586,778	₱1,586,778	₱–

The Parent Company follows a prudent policy in managing its assets and liabilities so as to ensure that exposure to fluctuation in interest rates are kept within acceptable limits. There is no ineffectiveness recognized in the profit or loss as the changes in the fair value of the hedged items used as basis for recognizing hedge ineffectiveness equals to the carrying amount of the hedging instruments.

The movement in cash flow hedge reserve follows (Note 14):

	2021	2020
Balance at beginning of year	**(₱50,996,503)**	(₱52,583,281)
Net unrealized gain on cash flow hedge	**18,986,270**	1,586,778
Balance at end of year (net of tax)	**(₱32,010,233)**	(₱50,996,503)

Equity Price Risk

Equity price risk is the risk that the fair values of investments in quoted equity securities could decrease as a result of changes in the levels of equity indices and the value of individual stocks. The Parent Company is exposed to equity securities price risk because of the financial assets at FVOCI held by the Parent Company.

The table below shows the sensitivity to a reasonably possible change in the Philippine Stock Exchange index (PSEi), with all other variables held constant, of the Parent Company's equity (through other comprehensive income) due to changes in the carrying value of the Parent Company's financial assets at FVOCI. The analysis links PSEi changes, which proxies for general market movements, to individual stock prices through their betas. Betas are coefficients depicting the sensitivity of individual prices to market movements.

The sensitivity range is based on the historical volatility of the PSEi for the past year. The analysis is based on the assumption that last year's PSEi volatility will be more or less the same in the following year.

	Percentage change in PSEi	Increase (decrease) in total comprehensive income
2021	**Increase by 22.94%**	**₱302,405,013**
	Decrease by 22.94%	**(302,405,013)**
2020	Increase by 95.36%	₱871,409,714
	Decrease by 95.36%	(871,409,714)

The table below shows the sensitivity to a reasonably possible change in the Tokyo Stock Exchange index (TSEi), with all other variables held constant, of the Parent Company's equity (through other comprehensive income) due to changes in the carrying value of the Parent Company's financial assets at FVOCI. The analysis links TSEi changes, which proxies for general market movements, to individual stock prices through their betas. Betas are coefficients depicting the sensitivity of individual prices to market movements.

The sensitivity range is based on the historical volatility of the TSEi for the past year. The analysis is based on the assumption that last year's TSEi volatility will be more or less the same in the following:

	Percentage change in TSEi	Increase (decrease) in total comprehensive income
2021	**Increase by 10.40%**	**₱1,496,831,994**
	Decrease by 10.40%	**(1,496,831,994)**
2020	Increase by 4.84%	₱552,432,995
	Decrease by 4.84%	(552,432,995)

6. Cash and Cash Equivalents

This account consists of:

	2021	2020
Cash on hand	**₱40,000**	₱40,000
Cash in banks and other financial institutions (Note 21)	**818,145,401**	1,196,350,241
Cash equivalents (Note 21)	**2,058,978,630**	2,661,268,086
	₱2,877,164,031	₱3,857,658,327

Cash in banks and other financial institutions earns interest rate at the prevailing bank deposit rates.

Cash equivalents, which represent time deposits, are made for varying periods of up to three months depending on the immediate cash requirements of the Parent Company and earn annual interest rates ranging from 0.125% to 1.25%, 1.13% to 3.75% and 1.30% to 7.00% in 2021, 2020 and 2019, respectively.

Interest income from cash and cash equivalents amounted to ₱7.17 million, ₱30.59 million and ₱212.43 million in 2021, 2020 and 2019, respectively (Note 21).

7. Receivables

This account consists of:

	2021	2020
Trade receivables (Note 21)	**₱8,016,677,391**	₱8,732,090,524
Dividends receivable (Note 21)	**752,580,000**	752,580,000
Interest receivable (Note 21)	**295,807**	829,577
Other receivables (Note 21)	**25,251,062**	15,359,062
	8,794,804,260	9,500,859,163
Less: Noncurrent portion	**6,695,974,738**	7,563,538,613
	₱2,098,829,522	₱1,937,320,550

Dividends receivable represent the Parent Company's share in the dividends declared by Fed Land in 2021 and 2020 amounting to ₱0.75 billion respectively.

Trade receivables pertain to receivables from sale of lots and are collected over a period of one to 15 years. The fair vale upon initial recognition is derived using the discounted cash flow methodology using discount rate ranging from 2.85% to 6.29%. Trade receivables pertain to receivables from sale of lots with terms of 60 days to fifteen years.

The details of trade receivables follow:

	2021	2020
Trade receivables	**₱9,980,455,999**	₱11,013,721,373
Less: Unearned interest income	**1,963,778,608**	2,281,630,849
	8,016,677,391	8,732,090,524
Less: Noncurrent portion	**6,695,974,738**	7,563,538,613
Current portion	**₱1,320,702,653**	₱1,168,551,911

8. Inventories and Other Current Assets

Inventories

In 2019, the Parent Company and PCFI executed a Deed of Assignment to assign, transfer and convey certain parcels of land of PCFI to the Parent Company in relation to the redemption, cancellation and retirement of the Parent Company's 51% interest in PCFI (Note 9). The movements in the Parent Company's inventories, which are stated at cost, follow:

	2021	2020
Balance at beginning of year	**₱14,548,092,480**	₱18,417,461,438
Land improvements	**35,361,719**	161,050,508
Reclassification	**79,458,000**	–
Cost of sales during the year	**(9,187,468)**	(4,030,419,466)
Balance at end of year	**₱14,653,724,731**	₱14,548,092,480

There are no real estate inventories used as collateral or pledged as security to secure the borrowings of the Parent Company as of December 31, 2021 and 2020.

Other Current Assets

This account consists of:

	2021	2020
Input VAT	**₱2,155,307,347**	₱2,247,950,068
Deposit for land purchases	**200,000,000**	79,458,000
Creditable withholding taxes (CWT)	**64,884,679**	21,398,456
Prepaid expenses and others (Note 21)	**238,369,197**	7,445,623
	₱2,658,561,223	₱2,356,252,147

Input VAT mainly represents VAT imposed on land acquired, purchases made and expenses incurred by the Parent Company, and will be applied against output VAT on sales in the succeeding periods.

Deposit for land purchases are deposits made for the acquisition of certain parcels of land that are intended for future development. The Deed of Absolute Sale (DOAS) for these properties will be executed upon fulfillment by both parties of certain undertakings and conditions.

9. Investments in Subsidiaries, Associates and Joint Ventures

This account consists of the Parent Company's investments in the following companies:

	Acquisition Cost	
	2021	2020
Subsidiaries (Note 21):		
Fed Land	**₱29,915,946,982**	₱29,915,946,982
Toyota	**10,508,675,326**	10,508,675,326
TMBC	**938,830,432**	938,830,432
GTCAD	**919,250,000**	919,250,000

(Forward)

	Acquisition Cost	
	2021	2020
Associates (Note 21):		
MBTC	**₱83,061,482,679**	₱83,061,482,679
MPIC	**30,175,325,027**	30,175,325,027
AXA Philippines	**598,729,028**	598,729,028
Joint Ventures (Note 21):		
TFSPC	**5,180,000,000**	4,380,000,000
SMFC	**381,420,000**	381,420,000
	₱161,679,659,474	₱160,879,659,474

There are no impairment losses for any of these investments in 2021 and 2020.

Investment in Fed Land
As of December 31, 2021 and 2020, the Parent Company owned 148,947,000 common shares (with a par value of ₱100.00 per share) or 100.00% interest in Fed Land.

Investment in Fed Land Preferred Shares-Series A
As of December 31, 2021 and 2020, the Parent Company owned 80,000,000 preferred shares with par value of ₱100.00 per share. The total subscription price for these shares amounted to ₱8.00 billion.

Investment in Fed Land Preferred Shares-Series B
As of December 31, 2021 and 2020, the Parent Company owned 60,000,000 preferred shares with par value of ₱100.00 per share. The total subscription price for these shares amounted to ₱6.00 billion.

Investment in Toyota
As of December 31, 2021 and 2020, the Parent Company owned 7,902,000 common shares or 51.00% interest in Toyota.

Investment in TMBC
As of December 31, 2021 and 2020, the Parent Company owned 386,353,238 common shares or 58.10% interest in TMBC.

Investment in GTCAM
In 2020, the Parent Company remitted ₱565.00 million, respectively to GTCAD in response to the latter's equity call upon its stockholders (Note 21).

As of December 31, 2021 and 2020, the Parent Company owned 919,250,000 shares in GTCAM representing 100% interest in GTCAM.

Disposal of Investment in PCFI
On May 10, 2019 the Parent Company and PCFI executed a Redemption Agreement for the redemption, cancellation and retirement of the 64,530,712 Series A Redeemable Voting Preferred Shares with a par value of ₱10.00 per share of PCFI, representing 51% interest of the Parent Company in PCFI. The Parent Company and PCFI have agreed to the redemption price of ₱20.00 billion through the assignment, transfer and conveyance of the selected assets owned and/or beneficially owned by PCFI to the Parent Company. The selected assets were classified as inventories and investment properties amounting to ₱19.44 billion and ₱0.56 billion, respectively (Notes 8 and Notes 11).

On July 4, 2019, Philippine Competition Commission approved the Redemption Agreement of the Parent Company and PCFI. Accordingly, PCFI ceased to be a subsidiary of the Parent Company. On October 18, 2019, the Parent Company and PCFI executed a Deed of Assignment to assign, transfer and convey the selected assets of PCFI to the Parent Company. The Parent Company recognized a gain amounting to ₱4.00 billion from the disposal of investment in shares, which is the difference between the fair value of the consideration received and the carrying value of the Parent Company's investment in PCFI (Note 21).

The Parent Company also earned dividends amounting to ₱1.29 billion in 2019, which were declared by PCFI and received by the Parent Company after the loss of control over PCFI.

Dividend Information from Subsidiaries
The following table summarizes the cash dividends declared and paid by the Parent Company's subsidiaries (Note 21):

	Date of declaration	Class of stock	Total amount (in millions)	Record date	Payment date
Fed Land	December 20, 2021	Preferred Shares-A	₱320.00	December 31, 2021	February 28, 2022
Fed Land	December 20, 2021	Preferred Shares-B	332.58	December 31, 2021	February 28, 2022
Fed Land	December 20, 2021	Common	100.00	December 31, 2021	February 28, 2022
Fed Land	December 14, 2020	Preferred Shares-A	320.00	December 31, 2020	February 28, 2021
Fed Land	December 14, 2020	Preferred Shares-B	332.58	December 31, 2020	February 28, 2021
Fed Land	December 14, 2020	Common	100.00	December 31, 2020	February 28, 2021
Fed Land	February 24, 2020	Common	100.00	December 31, 2019	February 28, 2020
Fed Land	December 16, 2019	Preferred Shares-A	240.00	December 16, 2019	February 28, 2020
Fed Land	December 16, 2019	Preferred Shares-B	272.58	December 16, 2019	February 28, 2020
Fed Land	February 18, 2019	Common	100.00	December 31, 2018	February 28, 2019
Toyota	June 29, 2021	Common	3,253.38	December 31, 2020	October 8, 2021
Toyota	June 26, 2020	Common	9,059.67	December 31, 2019	November 27, 2020
Toyota	May 14, 2019	Common	8,392.89	December 31, 2018	May 15 and 29, 2019
TMBC	December 5, 2018	Common	115.00	December 31, 2017	January 28, 2019
PCFI	February 28, 2018	Preferred Shares-A	1,145.00	June 30, 2017	November 2019

Investment in MBTC
In 2020, the Parent Company's ownership interest in Metrobank increased from 36.65% to 37.15% after acquiring an aggregate of 22.11 million common shares of Metrobank for a total consideration of ₱1.25 billion.

As of December 31, 2021 and 2020, the Parent Company owned 1,670,611,010 common shares or 37.15% interest in MBTC.

Investment in MPIC
As of December 31, 2021 and 2020, the Parent Company owned 4,900,000,000 common shares (with a par value of ₱1.00 per share) or 16.30% and 15.98% interest in MPIC, respectively.

Investment in AXA Philippines
As of December 31, 2021 and 2020, the Parent Company owned 2,532,892 common shares or 25.33% interest in AXA Philippines.

Investment in TFSPC
In 2020, the Parent Company remitted ₱800.00 million to TFSPC in response to the latter's equity call upon its stockholders.

As of December 31, 2021 and 2020, the Parent Company owned 34,800,000 and 26,800,000 common shares, respectively, representing 40.00% interest in TFSPC.

Investment in SMFC
On August 11, 2017, the Parent Company acquired 4.0 million common shares, representing 20.00% ownership in SMFC for a total consideration of ₱379.92 million from PSBank and PSBank Retirement Fund. The Parent Company capitalized transaction costs amounting to ₱1.50 million as part of the cost of the investment.

As of December 31, 2021 and 2020, the Parent Company owned 4,000,000 common shares (with a par value of ₱100.00 per share) or 20.00% interest in SMFC.

The financial highlights of the Parent Company's associates and joint ventures as of December 31, 2021 and 2020 follow (amounts in millions):

	2021		2020	
	Associates	**Joint ventures**	Associates	Joint ventures
Statements of Financial Position				
Current assets	**₱222**	**₱18,709**	₱185	₱14,751
Non-current assets	**44**	**2,782**	51	5,908
Total assets*	**177,277**	–	153,915	–
Current liabilities	**73**	**4,270**	54	6,630
Non-current liabilities	**1**	**5,112**	–	3,815
Total liabilities*	**165,713**	–	141,849	–
Statements of Comprehensive Income				
Revenues	**23,165**	**5,344**	18,404	3,451
Expenses	**20,072**	**3,440**	14,283	2,755
Net income	**2,289**	**1,305**	2,917	492
Other comprehensive income (loss)	**(282)**	**114**	(517)	(124)
Total comprehensive income	**2,007**	**1,419**	2,400	368

**Phil AXA does not present classified statements of financial position.*

The following tables summarize the cash dividends declared and paid by the Parent Company's associates (Note 21):

	2021					
Associate	**Declaration date**	**Per share**	**Total (in millions)**	**Parent Company's share (in millions)**	**Record Date**	**Payment Date**
MBTC	**February 17, 2021**	**₱1.00**	**₱4,497**	**₱ 1,670.61**	**March 5, 2021**	**March 18, 2021**
MBTC*	**February 17, 2021**	**3.00**	**13,492**	**5,011.83**	**March 5, 2021**	**March 18, 2021**
MPIC	**March 3, 2021**	**0.0481**	**1,475**	**235.69**	**March 18, 2021**	**March 31, 2021**
MPIC*	**March 3, 2021**	**0.0279**	**856**	**136.71**	**March 18, 2021**	**March 31, 2021**
MPIC	**August 4, 2021**	**0.0345**	**1,057**	**169.05**	**August 18, 2021**	**September 2, 2021**
Phil AXA	**December 9, 2021**	**247.00**	**2,470**	**625.64**	**November 30, 2021**	**December 17, 2021**
SMFC	**June 25, 2021**	**1.93**	**38.6**	**7.72**	**July 12, 2021**	**July 21, 2021**

	2020					
Associate	Declaration date	Per share	Total (in millions)	Parent Company's share (in millions)	Record Date	Payment Date
MBTC	February 19, 2020	₱1.00	₱4,497	₱ 1,663.05	March 6, 2020	March 20, 2020
MPIC	February 26, 2020	0.076	2,399	169.05	March 12, 2020	March 20, 2020
MPIC	August 5, 2020	0.0345	1,082	372.40	August 20, 2020	September 3, 2020
Phil AXA	November 16, 2020	207.00	2,070	524.32	November 16, 2020	December 23, 2020
SMFC	June 26, 2020	8.88	178	35.52	June 26, 2020	July 17, 2020

Fair Value of Investment in Associates and Joint Ventures

AXA Philippines, TFSPC and SMFC are private companies and there are no quoted market prices available for their shares.

As of December 31, 2021 and 2020, the fair values of the Parent Company's investment in Philippine Stock Exchange listed entities follow (amount in millions):

	2021	2020
MBTC	**₱91,048**	₱81,943
MPIC	**19,110**	20,972
	₱110,158	₱102,915

Management considers significant or prolonged decline in the quoted market price of MBTC and MPIC as an indicator of impairment. Accordingly, the Parent Company conducted an impairment assessment of its investments in MBTC and MPIC. The Parent Company uses the higher between fair value less cost to sell and value in use in determining the recoverable amount. Based on the Parent Company's impairment testing, the investments in MBTC and MPIC are determined to be not impaired.

The recoverable amount of the investment in MBTC was based on the value in use of MBTC. The pre-tax discount rate applied to MBTC cash flow projections is 9.60%. Cash flows beyond the five-year period are extrapolated using a steady growth rate of 3.00%. The calculation of VIU for the MBTC CGU is most sensitive to the assumptions on revenue and terminal growth rates, and discount rate.

The recoverable amount of the investment in MPIC was based on the sum-of-the-parts of the value in use and fair value less cost to sell (FVLCTS) of the MPIC Group. The VIU and FVLCTS calculations for the MPIC CGU are most sensitive to the FVLCTS of its listed associate based on its market price, and the VIU of MPIC's component businesses based on net asset values and applicable discount.

Limitation on dividend declaration of associates and joint ventures

AXA Philippines

Section 195 of the Insurance Code provides that a domestic insurance company shall declare or distribute dividends on its outstanding stock only from profits remaining on hand after retaining unimpaired:

- the entire paid-up capital stock;
- the margin of solvency required;
- the legal reserve fund required; and
- a sum sufficient to pay all net losses reported or in the course of settlement and all liabilities for expenses and taxes.

MBTC and TFSPC
The Bangko Sentral ng Pilipinas (BSP) requires banks to keep certain levels of regulatory capital and liquid assets, limit their exposures to other parts of the Parent Company and comply with other regulatory ratios.

As of December 31, 2021 and 2020, there were no agreements entered into by the subsidiaries, associates and joint ventures of the Parent Company that may restrict dividends and other capital distributions to be paid, or loans and advances to be made or repaid to or from the Parent Company.

As of December 31, 2021 and 2020, the Parent Company has no share in the commitments and contingencies of its associates and joint ventures.

10. **Property and Equipment**

As of December 31, 2021 and 2020, the composition of and movements in this account follow:

	2021						
	Transportation Equipment	**Furniture and Fixtures**	**Office Equipment**	**Leasehold Improvements**	**Right-of-Use Asset: Building**	**Machinery and Equipment**	**Total**
Cost							
Balance at beginning of year	**₱18,686,362**	**₱2,633,314**	**₱8,699,036**	**₱21,426,578**	**₱35,697,438**	**₱–**	**₱87,142,728**
Acquisitions	**3,402,207**	**–**	**1,054,464**	**–**	**16,517,613**	**1,234,821**	**22,209,105**
Disposal/Adjustments	**(535,714)**	**–**	**–**	**–**	**–**	**–**	**(535,714)**
Balance at end of year	**21,552,855**	**2,633,314**	**9,753,500**	**21,426,578**	**52,215,051**	**1,234,821**	**108,816,119**
Accumulated Depreciation and Amortization						**–**	
Balance at beginning of year	**9,636,314**	**2,481,681**	**7,178,431**	**12,645,333**	**11,899,146**	**–**	**43,840,905**
Depreciation and amortization (Note 19)	**3,968,689**	**125,816**	**1,181,446**	**292,875**	**12,357,969**	**205,803**	**18,132,598**
Disposal/Adjustments	**(535,714)**	**–**	**–**	**–**		**–**	**(535,714)**
Balance at end of year	**13,069,289**	**2,607,497**	**8,359,877**	**12,938,208**	**24,257,115**	**205,803**	**61,437,789**
Net Book Value	**₱8,483,566**	**₱25,817**	**₱1,393,623**	**₱8,488,370**	**₱27,957,936**	**₱1,029,018**	**₱47,378,330**

	2020					
	Transportation Equipment	Furniture and Fixtures	Office Equipment	Leasehold Improvements	Right-of-Use Asset: Building	Total
Cost						
Balance at beginning of year	₱18,100,304	₱2,592,957	₱8,277,116	₱13,678,271	₱–	₱42,648,648
Acquisitions	1,696,429	40,357	421,920	7,748,307	35,697,438	45,604,451
Disposal/Adjustments	(1,110,371)	–	–	–	–	(1,110,371)
Balance at end of year	18,686,362	2,633,314	8,699,036	21,426,578	35,697,438	87,142,728
Accumulated Depreciation and Amortization						
Balance at beginning of year	7,315,472	2,303,314	5,809,684	12,401,269	–	27,829,739
Depreciation and amortization (Note 19)	3,459,686	178,367	1,368,747	244,064	11,899,146	17,150,010
Disposal/Adjustments	(1,138,844)	–	–	–	–	(1,138,844)
Balance at end of year	9,636,314	2,481,681	7,178,431	12,645,333	11,899,146	43,840,905
Net Book Value	₱9,050,048	₱151,633	₱1,520,605	₱8,781,245	₱23,798,292	₱43,301,823

The details of depreciation and amortization included in profit or loss in the parent company statements of comprehensive income follow:

	2021	2020	2019
Property and equipment	**₱18,132,598**	₱17,150,010	₱18,025,298
Investment properties (Note 11)	**3,660,347**	3,660,347	610,058
Software costs (Note 11)	**138,400**	108,331	87,815
	₱21,931,345	₱20,918,688	₱18,723,171

Breakdown of depreciation and amortization in profit or loss follows:

	2021	2020	2019
General and administrative expenses (Note 19)	**₱17,306,680**	₱17,258,341	₱18,113,113
Cost of rental (Note 16)	**4,624,665**	3,660,347	610,058
	₱21,931,345	₱20,918,688	₱18,723,171

11. Investment Properties and Other Noncurrent Assets

Investment Properties

The composition and rollforward analysis of this account follow:

	2021		
	Land	**Building and Improvements**	**Total**
Cost			
Balance at beginning of year	**₱428,040,638**	**₱133,297,640**	**₱561,338,278**
Additions	**3,919,844**	**2,465,179**	**6,385,023**
Balance at end of year	**431,960,482**	**135,762,819**	**567,723,301**
Accumulated Depreciation			
Balance at beginning of year	**–**	**4,270,405**	**4,270,405**
Depreciation	**–**	**3,660,347**	**3,660,347**
Balance at end of year	**–**	**7,930,752**	**7,930,752**
Net Book Value at December 31	**₱431,960,482**	**₱127,832,067**	**₱559,792,549**

	2020		
	Land	Building and Improvements	Total
Cost			
Balance at beginning of year	₱423,291,522	₱133,297,640	₱556,589,162
Additions	4,749,116	–	4,749,116
Balance at end of year	428,040,638	133,297,640	561,338,278
Accumulated Depreciation			
Balance at beginning of year	–	610,058	610,058
Depreciation	–	3,660,347	3,660,347
Balance at end of year	–	4,270,405	4,270,405
Net Book Value at December 31	₱428,040,638	₱129,027,235	₱557,067,873

Various parcels of land and commercial spaces are leased to several individuals and corporations. Some of the lease contracts provide, among others, that within a certain period from the expiration of the contracts, the lessee will have to demolish and remove any and all improvements built within the leased properties. Otherwise, the lessor will cause the demolition and removal thereof and charge the cost to the lessee unless the lessor occupies and appropriates the same for its use and benefit. Rent income recognized from these properties amounted to ₱29.55 million, ₱24.14 million and

₱7.53 million in 2021, 2020, and 2019, respectively (Note 16). Depreciation expense charged to cost of rental amounted to ₱3.66 million, ₱3.66 million and ₱0.61 million in 2021, 2020 and 2019.

The aggregate fair values of the Parent Company's investment properties amounted to ₱567.72 million and ₱561.34 million as of December 31, 2021 and 2020, respectively (Note 4). The fair values of the Parent Company's investment properties have been determined based on valuations performed by Cuervo Appraisers, Inc. (CAI) and Asian Appraisal Company Inc. (AACI), independent appraisers which are accredited by the SEC. The value of the land was estimated by using the Market Data Approach, a valuation approach that considers the sales, listings and other related market data within the vicinity of the subject properties and establishes a value estimate by processes involving comparison. Valuation of the Parent Company's investment properties are done every three years. with the latest valuation report issued by CAI and AACI in 2019.

The Parent Company has no restrictions on realizability of the investment properties.

Noncurrent Assets
This account consists of:

	2021	2020
Security deposits	**₱7,028,914**	₱3,724,621
Software costs	**15,320,051**	7,520,030
	₱22,348,965	₱11,244,651

Security deposits pertain to refundable deposits made by the Parent Company for the lease of its office space and security deposit in favor of Land Registration Authority.

Software costs pertain to software and license acquired by the Parent Company.

Movements in software costs follow:

	2021	2020
Balance at beginning of year	**₱15,021,851**	₱9,083,815
Additions	**7,938,421**	5,938,036
Balance at end of year	**₱22,960,272**	₱15,021,851
Accumulated Amortization		
Balance at beginning of year	**7,501,821**	7,393,490
Amortization (Note 10)	**138,400**	108,331
Balance at end of year	**7,640,221**	7,501,821
Net Book Value at December 31	**₱15,320,051**	₱7,520,030

12. Investment Securities

Financial assets at FVTPL
As of December 31, 2021 and 2020, the Parent Company's investments in UITFs amounted to ₱8.70 billion and ₱3.71 billion, respectively (Note 21).

Details of gain on UITF investments are as follows (Note 21):

	2021	2020	2019
Realized gain	**₱52,123,013**	₱177,146,314	₱50,266,221
Unrealized gain (loss)	**37,189,839**	(64,498,048)	84,756,981
	₱89,312,852	₱112,648,266	₱135,023,202

Financial assets at FVOCI

These pertain to foreign currency-denominated investments in shares of stock of Toyota Motor Corporation (TMC), a listed company in the Tokyo Stock Exchange and peso-denominated investment in shares of stock of Vivant Corporation, a listed company in the PSE. As of December 31, 2021 and 2020, the carrying value of these investments amounted to ₱15.71 billion and ₱12.33 billion, respectively. The Parent Company's share in the dividends declared by TMC amounted to ₱349.26 million, ₱325.98 million and ₱318.83 million in 2021, 2020 and 2019, respectively.

The Parent Company has irrevocably elected to classify these investments as at FVOCI as it intends to hold these investments for the foreseeable future.

Movements in the fair value reserves on financial assets at FVOCI follow:

	2021	2020
Balance at beginning of year	**₱1,672,753,964**	₱1,430,077,824
Net changes shown in other comprehensive income		
Changes in fair values of financial assets at FVOCI	**2,671,212,223**	242,676,140
Balance at end of year	**₱4,343,966,187**	₱1,672,753,964

Deferred tax liability on net unrealized gain on TMC shares as of December 31, 2021 and 2020 were recognized in the 2021 parent company financial statements (Note 18). The previously reported net unrealized gain on TMC shares and the related deferred tax liability in 2020 were adjusted for comparative purposes.

13. Accounts Payable, Accrued Expenses and Other Payables, and Other Noncurrent Liabilities

Accounts Payable, Accrued Expenses and Other Payables

This account consists of:

	2021	2020
Deferred output tax - current	**₱179,577,241**	₱165,846,987
Accounts payable (Note 21)	**75,508,791**	22,150,386
Withholding taxes payable	**36,235,961**	41,050,988
Accrued expenses	**30,139,171**	25,683,945
Lease liabilities (Notes 16 and 21)	**27,431,904**	24,219,546
Payable to affiliate	**24,000,000**	–
Unearned rent income (Note 21)	–	12,000,000
Others	**2,361,932**	–
	₱375,255,000	₱290,951,852

Accounts payable consist mainly of cost of rental and other operating expenses.

Other Noncurrent Liabilities

This account consists of:

	2021	2020
Deferred output tax - noncurrent	**₱927,830,715**	₱1,054,839,585
Security deposits (Note 21)	**14,561,676**	26,000,350
Unearned rent income (Note 21)	**5,138,943**	5,138,940
	₱947,531,334	₱1,085,978,875

Deferred output VAT pertains to the VAT on installment sale of lots with terms of 60 days to fifteen years.

Security deposits consist mainly of tenants' rental deposit from operating lease contracts with terms ranging from one (1) to twenty years (20). Rental deposits are obtained to secure faithful compliance of tenants' obligation under the lease contract and to answer for unpaid bills of lessees affecting the leased premises, any damage to the leased premises, and other similar costs. Rental deposits may also be applied to the unpaid rentals upon termination of the lease contract.

14. Loans Payable and Bonds Payable

This account consists of:

	2021			
	Interest rates	**Loans payable**	**Bonds payable**	**Total**
Face amount	**0.65%-7.32%**	**₱72,236,703,000**	**₱10,100,000,000**	**₱82,336,703,000**
Less: Deferred financing cost		**296,071,329**	**22,529,593**	**318,600,922**
		71,940,631,671	**10,077,470,407**	**82,018,102,078**
Less: Current portion		**5,168,351,500**	**–**	**5,168,351,500**
		₱66,772,280,171	**₱10,077,470,407**	**₱76,849,750,578**

	2020			
	Interest rates	Loans payable	Bonds payable	Total
Face amount	0.65%-7.32%	₱67,765,199,000	₱15,100,000,000	82,865,199,000
Less: Deferred financing cost		308,284,255	39,931,496	348,215,751
		67,456,914,745	15,060,068,504	82,516,983,249
Less: Current portion		–	4,994,722,468	4,994,722,468
		₱67,456,914,745	₱10,065,346,036	₱77,522,260,781

Loans payable

	Interest rate range	Face amount	Outstanding balance **2021**	Outstanding balance 2020	Terms
Peso loans	4.90% - 7.32%	₱61,950,000,000	**₱61,681,009,476**	₱56,711,344,892	10 to 13 years unsecured loans; Due from 2025 to 2032; Fixed interest
JPY loans	3-month JPY Libor plus 0.65%	10,286,703,000	**10,259,622,195**	10,745,569,853	JPY23.31 billion loan; Due July 2022 & July 2024
Total			**₱71,940,631,671**	67,456,914,745	
Less: Current portion			**5,168,351,500**	–	
			₱66,772,280,171	₱67,456,914,745	

The details of long-term loans payable follow:

Peso Loans

Maturity Dates	Interest Rate*	Principal Amount	Carrying Value 2021	Carrying Value 2020
Availments in 2015				
March 26, 2025	5.5556%	₱6,986,000,000	**₱6,975,462,344**	₱6,978,790,476
March 26, 2025	5.0500%	5,988,000,000	**5,978,905,507**	5,981,775,746
December 22, 2026	5.5556%	3,992,000,000	**3,981,443,370**	3,982,835,298
December 04, 2027	5.8081%	1,996,000,000	**1,991,641,529**	1,992,667,757
December 03, 2027	5.8075%	3,992,000,000	**3,980,408,561**	3,983,649,689
December 22, 2028	5.9343%	1,996,000,000	**1,989,701,777**	1,990,992,605
		24,950,000,000	**24,897,563,088**	24,910,711,571
Availments in 2018				
March 27, 2028	6.5687%	15,000,000,000	**14,922,215,438**	14,912,130,292
March 27, 2030	7.3232%	10,000,000,000	**9,942,552,183**	9,937,404,390
		25,000,000,000	**24,864,767,621**	24,849,534,682
Availment in 2019				
November 4, 2029	5.4482%	3,000,000,000	**2,981,439,859**	2,979,556,121
Availment in 2020				
February 24, 2032	5.5843%	4,000,000,000	**3,973,493,595**	3,971,542,518
Availment in 2021				
July 13, 2032	4.9002%	5,000,000,000	**4,963,745,313**	–
Balance at end of year		₱61,950,000,000	**₱61,681,009,476**	₱56,711,344,892

**Interest rate is inclusive of gross receipts tax*

Foreign currency denominated long- term loans payable

In July 2018, the Parent Company obtained an unsecured long-term loan from three (3) non-affiliated foreign banks for an aggregate principal amount of ¥23.31 billion, 50% of which will mature in July 2022 and the remaining 50% will mature in July 2024 with interest rate of 3-month JPY Libor plus 0.65% spread. As of December 31, 2021 and 2020, carrying value of the said loan is ₱10.26 billion and ₱10.75 billion, respectively.

On July 19, 2018, the Parent Company entered into an interest rate swap agreement with a non-affiliated foreign bank. Under the agreement, the Parent Company, on a quarterly basis, pays fixed interest rate of 0.852% and receives floating interest rate of 3-month JPY Libor plus 0.65% spread from July 19, 2018 to July 12, 2024. On the same date, the Parent Company designated the swap as an effective hedging instrument under a cash flow hedge arrangement. As such, the effective portion of the changes in fair value of the swaps was recognized under other comprehensive income amounting to ₱18.99 million and ₱1.59 million in 2021 and 2020, respectively.

Beginning January 1, 2022, JPY Libor settings across all tenors have ceased publication. The new benchmark reference rate for the Parent Company's JPY-denominated loans and interest rate swap is the Tokyo Overnight Average Rate (TONAR).

As of December 31, 2021 and 2020, the negative fair value of the interest rate swap amounted ₱32.01 million and ₱51.00 million, respectively, under 'Derivative liability'.

As of December 31, 2021 and 2020, the movement of the deferred financing cost is as follows:

	2021		
	Philippine Peso	**Foreign Currency**	**Total**
Balances at beginning of year	**₱263,655,108**	**₱44,629,147**	**₱308,284,255**
Additions	**37,500,000**	**–**	**37,500,000**
Amortization	**(32,164,584)**	**(17,548,342)**	**(49,712,926)**
Balances at end of year	**₱268,990,524**	**₱27,080,805**	**₱296,071,329**

	2020		
	Philippine Peso	Foreign Currency	Total
Balances at beginning of year	₱ 263,288,600	₱62,083,181	₱325,371,781
Additions	30,000,000	–	30,000,000
Amortization	(29,633,492)	(17,454,034)	(47,087,526)
Balances at end of year	₱263,655,108	₱44,629,147	₱308,284,255

Deferred financing cost pertains to the documentary stamp tax, arrangement and professional fees incurred on said loans.

Total interest expense incurred on these loans payable in 2021, 2020 and 2019 amounted to ₱3.80 billion (including amortization of deferred financing cost of ₱49.71 million), ₱3.65 billion (including amortization of deferred financing cost of ₱47.09 million) and ₱3.29 billion (including amortization of deferred financing cost of ₱42.75 million), respectively.

Certain agreements covering the above-mentioned loans may include standard provisions restricting or providing specific requirements in the event of, among others, disposal of all or a substantial part of its assets other than in the ordinary course of business that would affect its capacity to repay the loan and entering into any merger or consolidation or reorganization without the prior written consent of the counterparty bank unless performed in the ordinary course of business. In compliance with the said agreements, the Parent Company also ensures that the debt-to-equity ratio does not exceed 2.33.

These restrictions and requirements were complied with by the Parent Company as of December 31, 2021, and 2020.

Bonds Payable

This account consists of the following peso bonds:

		Par Value		**Amount**	
Maturity Dates	Interest rate	**2021**	2020	**2021**	2020
₱10.0 billion Bonds					
February 27, 2023	5.0937%	**₱6,100,000,000**	₱6,100,000,000	**₱6,090,673,808**	₱6,083,119,561
₱12.0 billion Bonds					
August 7, 2021	5.1965%	**–**	5,000,000,000	**–**	4,994,722,468
August 7, 2024	5.6250%	**4,000,000,000**	4,000,000,000	**3,986,796,599**	3,982,226,475
		4,000,000,000	9,000,000,000	**3,986,796,599**	8,976,948,943
Balances at end of year		**10,100,000,000**	15,100,000,000	**10,077,470,407**	15,060,068,504
Less: Current portion	4.7106%	**–**	5,000,000,000	**–**	4,994,722,468
		₱10,100,000,000	₱10,100,000,000	**₱10,077,470,407**	₱10,065,346,036

₱10.00 billion GT Capital bonds due 2020 and 2023
On February 13, 2013, the Parent Company issued ₱10.00 billion 7-year and 10-year unsecured bonds due on February 27, 2020 and February 27, 2023, respectively, with interest rate of 4.84% and 5.09%, respectively. Gross and net proceeds amounted to ₱10.00 billion and ₱9.90 billion, respectively, net of deferred financing cost of ₱0.10 billion. Said bonds were listed on February 27, 2013.

The net proceeds were utilized for general corporate requirements which include various equity calls and refinancing of corporate notes.

Prior to the relevant maturity dates, the Parent Company may redeem (in whole but not in part) any series of the outstanding bonds on every anniversary date, or the immediately succeeding banking day if such is not a banking day in accordance with the following:

Early Redemption Option dates	Option Price
Seven-year bonds	
Fourth (4th) anniversary date	102.0%
Fifth (5th) anniversary date	101.5%
Sixth (6th) anniversary date	101.0%
Ten-year bonds	
Seventh (7th) anniversary date	102.0%
Eighth (8th) anniversary date	101.5%
Ninth (9th) anniversary date	101.0%

The Parent Company shall give no less than thirty (30) but not more than sixty (60) days prior written notice of its intention to redeem the bonds at the relevant Optional Redemption Date.

₱12.00 billion GT Capital bonds due 2019, 2021 and 2024
On July 24, 2014, the Parent Company issued ₱12.00 billion unsecured bonds with tenors of 5 years, 7 years and 10 years due November 7, 2019 (Series A Bonds), August 7, 2021 (Series B Bonds) and August 7, 2024 (Series C Bonds), respectively, with interest rates of 4.71%, 5.20% and 5.63%, respectively. Gross and net proceeds amounted to ₱12.00 billion and ₱11.88 billion, respectively, net of deferred financing cost incurred of ₱0.12 billion. Said bonds were listed on August 7, 2014. The net proceeds were utilized for general corporate requirements which included financing of ongoing projects, refinancing of outstanding loans and for working capital requirements.

Prior to the relevant maturity dates, the Parent Company may redeem in whole but not in part the Series B or Series C Bonds on every anniversary date, or the immediately succeeding banking day if such is not a banking day in accordance with the following:

The ₱3.00 billion bonds with maturity date of November 7, 2019 were paid. This was refinanced in November 2019 with a loans payable from a non-affiliated local bank.

Early Redemption Option Dates	Option Price
Series B Bonds	
Third (3rd) month after the fifth (5th) anniversary from issue date	101.5%
Sixth (6th) anniversary from issue date	101.0%
Series C Bonds	
Seventh (7th) anniversary from issue date	102.0%
Sixth (8th) anniversary from issue date	101.5%
Sixth (9th) anniversary from issue date	101.0%

The Parent Company shall give no less than thirty (30) but not more than sixty (60) days prior written notice of its intention to redeem the bonds, which notice shall be irrevocable and binding upon the Parent Company to effect such early redemption of the bonds on the Early Redemption Option Date stated in such notice.

As of December 31, 2021 and 2020, the movement of the deferred financing cost is as follows:

	2021	2020
Balances at beginning of year	**₱39,931,496**	₱60,957,354
Amortization	**(17,401,903)**	(21,025,858)
Balances at end of year	**₱22,529,593**	₱39,931,496

Both bonds contain negative covenants, which among others, include provision that the Parent Company should maintain a debt-to-equity ratio of 2.3 to 1.0. As of December 31, 2021 and 2020, the Parent Company has complied with its bond covenants.

Total interest expense incurred on bonds payable in 2021, 2020 and 2019 amounted to ₱0.71 billion (including amortization of deferred financing cost of ₱17.40 million), ₱0.85 billion (including amortization of deferred financing cost of ₱21.03 million) and ₱1.14 billion (including amortization of deferred financing cost of ₱31.18 million), respectively.

15. Equity

Capital Stock and Additional Paid-in Capital
As of December 31, 2021 and 2020, the paid-up capital consists of the following:

	Shares		**Amount**	
	2021	2020	**2021**	2020
Voting Preferred stock - ₱0.10 par value				
Authorized	**174,300,000**	174,300,000		
Issued and outstanding	**174,300,000**	174,300,000	**₱17,430,000**	₱17,430,000
Perpetual Preferred stock - ₱100.00 par value				
Authorized	**20,000,000**	20,000,000		
Issued and outstanding	**12,000,000**	12,000,000	**1,200,000,000**	1,200,000,000
Common stock - ₱10.00 par value				
Authorized	**298,257,000**	298,257,000		
Issued and outstanding	**215,284,587**	215,284,587	**₱2,152,845,870**	₱2,152,845,870
Total capital stock			**3,370,275,870**	3,370,275,870
Additional paid-in capital			**98,826,717,619**	98,826,717,619
			₱102,196,993,489	₱102,196,993,489

On April 20, 2012, the Parent Company's common shares with par value of ₱10.00 were listed on the PSE.

Voting Preferred Shares of Stock
The voting preferred shares has the following features, rights and privileges:

a. The voting preferred shares have a par value of ₱0.10 per share.
b. The Dividend Rate of 3.77% was fixed based on the 3-year PDST-R2 on April 13, 2015, subject to re-pricing every ten (10) years and payable annually;
c. These are non-cumulative and the holders thereof are entitled to the payment of current but not past dividends;

d. These are non-participating in any other further dividends beyond that specifically payable on the shares;
e. These are redeemable at par value, at the sole option of the Parent Company, under terms and conditions approved by the Board of Directors;
f. The holders of Voting Preferred Shares shall be entitled to one vote for each share in his name on the books of the Parent Company;
g. The holders of Voting Preferred Shares shall have no pre-emptive rights to any issue of shares, Common or Preferred;
h. These are not listed and not tradable in the Philippine Stock Exchange.

Perpetual Preferred Shares of Stock
The perpetual preferred shares shall have the following features, rights and privileges:
a. The perpetual preferred shares have a par value of ₱100.00 per share and issued on October 27, 2016 with an issue value of ₱1,000.00 per share. Series A issued amount to ₱4.80 billion with a dividend rate per annum of 4.6299% while Series B issued amount to ₱7.20 billion with a dividend rate per annum of 5.0949%;
b. The perpetual preferred shares are cumulative and the holders thereof are entitled to the payment of current as well as any accrued or unpaid dividends before any dividends can be paid to the holders of common shares. No dividend shall be declared or paid on the common shares unless the full accumulated dividends on all the perpetual preferred shares for all past dividend periods and for the current dividend period shall have been declared and paid by the Parent Company;
c. The holders of perpetual preferred shares have preference over holders of common shares in the distribution of corporate assets in the event of dissolution, liquidation or winding up of the corporation, whether voluntary or involuntary;
d. The perpetual preferred shares are not entitled to vote, except in those cases specifically provided by law;
e. The perpetual preferred shares are non-participating in any other further dividends beyond that specifically payable thereon;
f. The perpetual preferred shares are non-convertible to common shares or voting preferred shares;
g. The perpetual preferred shares have no pre-emptive rights to any issue of shares, common or preferred;
h. Both Series A and B of said perpetual preferred shares were listed on the Philippine Stock Exchange on October 27, 2016;
i. The Parent Company has the option, but not the obligation, to redeem in whole (but not a part of) the Shares of Series A on 5th anniversary of the Issue Date, or any dividend payment date and for Series B on the 7th anniversary of the Issue Date, or any dividend payment date;
j. If not redeemed on the optional redemption date, the dividend rate will be adjusted on the 7th anniversary of the Issue Date for Series A while the 10th anniversary of the Issue Date for Series B;
k. The dividend rate for Series A will be adjusted on the relevant Rate Adjustment Date to the higher of (1) Prevailing dividend rate of 4.6299%; or (2) the sum of: (a) simple average of closing 7-year PDST-R2 benchmark rate for each of the 3 consecutive business days immediately preceding and inclusive of the Rate Adjustment date; and (b) Series A adjustment Spread of 1.5% per annum while for Series B will be adjusted to the higher of (1) Prevailing dividend rate of 5.0949%; or (2) the sum of: (a) simple average of closing 10yr PDST-R2 benchmark rate for each of the 3 consecutive business days immediately preceding and inclusive of the Rate Adjustment date; and (b) Series B adjustment Spread of 1.875% per annum.

Stock Dividends
The BOD and Shareholders of the Parent Company approved on March 26, 2019 and May 8, 2019, respectively, the declaration of an 8.0% stock dividend in favor of the Parent Company's common shareholders. The record and payment dates were set on July 8, 2019 and August 1, 2019, respectively. On August 1, 2019, the 8.0% stock dividend equivalent to 15,947,003 common shares were issued and listed in the Philippine Stock Exchange. Documentary stamp tax in relation to the offering was charged to additional paid-in capital.

Additional Paid in Capital
Movement in additional paid-in capital in 2019 follows:

Balance at beginning of year		₱85,592,299,831
Amount in excess of par value of shares issued in stock dividend declaration		
Number of shares issued	15,947,003	
Offer price	₱840.00	
Total proceeds from share issuance	₱13,395,482,520	
Less: Par value of shares issued	159,470,030	13,236,012,490
Amount of expense charged to equity		(1,594,702)
Balance at end of year		₱98,826,717,619

As of December 31, 2021 and 2020, the total number of stockholders of common shares of the Parent Company is 89 and 90, respectively.

Retained Earnings
On December 6, 2018, the BOD of the Parent Company approved the appropriation of retained earnings amounting to ₱17.00 billion to be earmarked for strategic investment in property development in 2019. In March 2019, ₱16.60 billion out of ₱17.00 billion was reversed.

Details of the Parent Company's dividend distributions to preferred shareholders out of the Parent Company's retained earnings as approved by the Parent Company's BOD follow:

Date of declaration	Per share	Total amount (in millions)	Record date	Payment date
Voting preferred shares				
March 22, 2021	₱0.00377	₱0.66	April 7, 2021	April 21, 2021
May 21, 2020	0.00377	0.66	June 5, 2020	June 19, 2020
March 26, 2019	0.00377	0.66	April 10, 2019	April 25, 2019
Perpetual preferred shares				
Series A				
December 17, 2021	11.57475	56.01	January 5, 2022	January 27, 2022
December 17, 2021	11.57475	56.01	April 5, 2022	April 27, 2022
December 17, 2021	11.57475	56.01	July 5, 2022	July 27, 2022
December 17, 2021	11.57475	56.01	October 5, 2022	October 27, 2022
December 15, 2020	11.57475	56.01	January 4, 2021	January 27, 2021
December 15, 2020	11.57475	56.01	April 5, 2021	April 27, 2021
December 15, 2020	11.57475	56.01	July 5, 2021	July 27, 2021
December 15, 2020	11.57475	56.01	October 4, 2021	October 27, 2021
Series B				
December 17, 2021	12.73725	91.21	January 5, 2022	January 27, 2022
December 17, 2021	12.73725	91.21	April 5, 2022	April 27, 2022
December 17, 2021	12.73725	91.21	July 5, 2022	July 27, 2022
December 17, 2021	12.73725	91.21	October 5, 2022	October 27, 2022
December 15, 2020	12.73725	91.21	January 4, 2021	January 27, 2021
December 15, 2020	12.73725	91.21	April 5, 2021	April 27, 2021
December 15, 2020	12.73725	91.21	July 5, 2021	July 27, 2021
December 15, 2020	12.73725	91.21	October 4, 2021	October 27, 2021

Details of the Parent Company's dividend distributions to common shareholders out of the Parent Company's retained earnings as approved by the Parent Company's BOD follow:

Date of declaration	Per share	Total amount (in millions)	Record date	Payment date
March 22, 2021	₱3.00	₱645.85	April 7, 2021	April 21, 2021
May 21, 2020	6.00	1,291.71	June 5, 2020	June 19, 2020
March 26, 2019	3.00	645.85	April 10, 2019	April 25, 2019

The computation of retained earnings available for dividend declaration in accordance with SEC Memorandum Circular No. 11 issued in December 2008 differs to a certain extent from the Parent Company's retained earnings as of December 31, 2021 and 2020.

In addition, certain amount of retained earnings is required to be maintained to enable the Parent Company to meet certain financial ratios as stipulated in the loan covenants.

Capital Management

The primary objective of the Parent Company's capital management is to ensure that it maintains a strong and healthy statement of financial position to support its current business operations and drive its expansion and growth in the future.

The Parent Company maintains its current capital structure, and will make adjustments, if necessary, in order to generate a reasonable level of returns to shareholders over the long term. The Parent Company's sources of capital are capital stock and retained earnings. No changes were made in the objectives, policies or processes in 2021 and 2020.

The Parent Company considers total equity as its capital amounting to ₱130.83 billion and ₱122.22 billion as of December 31, 2021 and 2020, respectively.

The Parent Company maintains equity at a level that is compliant with its loan covenants.

16. Leases

The Parent Company as a lessee

The Parent Company leases the premises occupied by its head office, which was terminated on December 31, 2019 and renewed in 2020 for another three years, ending on December 31, 2022.

As of December 31, 2021 and 2020, the carrying amounts of lease liabilities are as follows (Note 21):

	2021	2020
Beginning balance	**₱24,219,546**	₱–
Additions	**16,517,613**	35,697,438
Accretion of interest	**803,090**	856,966
Payments	**(14,108,345)**	(12,334,858)
	₱27,431,904	₱24,219,546

The Parent Company also has certain leases of parking and storage space with lease terms of 12 months or less and leases of office and transportation equipment with low value. The Parent Company applies the 'short-term lease' and 'lease-of-low-value assets' recognition exemption for these leases.

The following are the amounts recognized in the statement of comprehensive income:

	2021	2020
Depreciation expense of ROU asset included under 'Property and equipment' (Note 10)	**₱12,357,969**	₱11,899,146
Interest expense on lease liabilities	**803,090**	856,966
Expenses relating to short-term leases included under 'General and administrative expense' (Note 19)	**490,216**	498,245
Expenses relating to leases of low-value assets included under 'General and administrative expense' (Note 19)	**2,134,927**	1,151,047
	₱15,786,202	₱14,405,404

As of December 31, 2021 and 2020, the future minimum rental payments are as follows:

	2021	2020
Within one year	**₱21,156,836**	₱14,307,041
After one year but not more than five years	**14,241,307**	14,997,812
	₱35,398,143	₱29,304,853

Parent Company as a lessor
In 2019, the Parent Company entered into commercial property leases on its investment properties consisting of land and mall with lease terms ranging from one year (1) to twenty (20) years. The Parent Company's rental income on these leases amounted to ₱29.55 and ₱24.14 million, in 2021 and 2020, respectively, while cost of rental services amounted to ₱23.88 and ₱16.39 in 2021 and 2020, respectively.

As of December 31, 2021 and 2020, the future minimum rental receipts from these lease commitments are as follows:

	2021	2020
Within one year	**₱42,658,531**	₱25,975,628
After one year but not more than five years	**160,777,489**	233,715,102
More than five years	**321,889,595**	502,116,870
	₱525,325,615	₱761,807,600

17. Employee Benefits

The Parent Company has a noncontributory, defined benefit pension plan covering substantially all of its regular employees. The benefits are based on years of service and compensation on the last year of employment.

The plan is administered by the Retirement Plan Committee which is composed of not less than five (5) persons appointed by the Parent Company. The Retirement Plan Committee is in charge of the general administration of the pension plan, and may take all actions and decisions necessary or proper to carry out the provisions of the plan. This includes authorizing the payment of the benefits under the plan, as well as approving investment guidelines to maximize returns and manage risk over time against inflation and market changes.

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

The date of the latest actuarial valuation is December 31, 2021.

The principal actuarial assumptions used in determining the retirement liability of the Parent Company as of December 31, 2021 and 2020 are shown below:

	2021	2020
Discount rate	**5.11%**	3.91%
Future salary increases	**8.00%**	8.00%

The average duration of the defined benefit obligation of the Parent Company at the end of the reporting period is 17.20 years and 17.29 years for 2021 and 2020, respectively.

The net retirement asset and retirement expense recognized in profit or loss in the parent company statements of comprehensive income (under 'Salaries and employee benefits') are as follows:

	2021											
		Net benefit cost (Note 20)					**Remeasurements in other comprehensive income**					
	January 1, 2021	**Current service cost**	**Net interest**	**Subtotal**	**Benefits paid**	**Actual return/loss on plan assets excluding net interest**	**Actuarial changes arising from experience adjustments**	**Actuarial changes arising from changes in demographic assumptions**	**Actuarial changes arising from changes in financial assumptions**	**Subtotal**	**Contributions**	**December 31, 2021**
Present value of defined benefit obligation	**₱59,859,086**	**₱13,664,067**	**₱2,137,477**	**₱15,801,544**	**(₱11,002,403)**	**₱–**	**(₱2,847,078)**	**–**	**(₱8,249,775)**	**(₱11,096,853)**	**₱–**	**₱53,561,374**
Fair value of plan assets	**(69,053,377)**	**–**	**(2,616,137)**	**(2,616,137)**	**11,002,403**	**5,419,936**	**–**	**–**	**–**	**5,419,936**	**(6,095,289)**	**(61,342,464)**
	(₱9,194,291)	**₱13,664,067**	**(₱478,660)**	**₱13,185,407**	**–**	**₱5,419,936**	**(₱2,847,078)**	**–**	**(₱8,249,775)**	**(₱5,676,917)**	**(₱6,095,289)**	**(₱7,781,090)**

	2020										
		Net benefit cost (Note 20)				Remeasurements in other comprehensive income					
	January 1, 2020	Current service cost	Net interest	Subtotal	Actual return/loss on plan assets excluding net interest	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Subtotal	Contributions	December 31, 2020
Present value of defined benefit obligation	₱44,599,750	₱11,903,514	₱2,224,659	₱14,128,173	₱–	(₱5,289,172)	₱–	₱6,420,335	₱1,131,163	₱–	₱59,859,086
Fair value of plan assets	(52,031,237)	–	(2,879,272)	(2,879,272)	(2,736,554)	–	–	–	(2,736,554)	(11,406,314)	(69,053,377)
	(₱7,431,487)	₱11,903,514	(₱654,613)	₱11,248,901	(₱2,736,554)	(₱5,289,172)	₱–	₱6,420,335	(₱1,605,391)	(₱11,406,314)	(₱9,194,291)

The maximum economic benefit available is a combination of expected refunds from the plan and reductions in future contributions.

The Parent Company expects to contribute ₱15.14 million to the retirement fund in 2022.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

	Changes in interest rates (in basis points)			
	December 31, 2021		December 31, 2020	
	100	**-100**	100	-100
Discount rate	**(₱5,712,350)**	**₱6,734,079**	(₱6,037,620)	₱7,167,567
Salary increase rate	**6,744,332**	**(5,834,452)**	7,061,848	(6,080,680)

The fair values of plan assets by each class as of December 31, 2021 and 2020 are as follows:

	2021	2020
Cash and cash equivalents	**₱126,819**	₱44,749
Government securities	**57,654,751**	66,072,183
Unit investment trust funds (UITFs)	**3,670,074**	3,057,485
Other Receivables	**7,829**	–
	61,459,473	69,174,417
Other liabilities	**117,009**	121,040
	₱61,342,464	₱69,053,377

The Retirement Plan Committee ensures there will be sufficient assets to pay pension benefits as they fall due and maintains the plan on actuarially sound basis considering the benefits to members.

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

	2021	2020
Less than one year	**₱700,541**	₱10,384,295
More than one year to five years	**25,759,315**	5,057,064
More than five years to 10 years	**32,118,034**	60,003,070
More than 10 years to 15 years	**78,138,889**	34,171,694
More than 15 years to 20 years	**132,235,170**	93,582,727
More than 20 years	**188,836,344**	194,140,322

18. Income Taxes

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

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

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

- Effective July 1, 2020, RCIT rate is reduced from 30.00% to 25.00% for domestic and resident foreign corporations.

- MCIT rate reduced from 2.00% to 1.00% of gross income effective July 1, 2020 to June 30, 2023.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2021 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 for financial reporting purposes.

Applying the provisions of the CREATE Act, the Company would have been subjected to lower regular corporate income tax of 25.00% and minimum corporate income tax rate of 1.00% effective July 1, 2020.

Based on the provisions of Revenue Regulation (RR) No. 5-2021 dated April 8, 2021 issued by the BIR, the prorated MCIT rate of the Company for CY2020 is 1.50%. This resulted in a lower provision for current income tax for the year ended December 31, 2020 from ₱12.48 million to ₱9.36, or a reduction of ₱3.12 million. The reduced amount was reflected in the Company's 2020 annual income tax return. However, for financial reporting purposes, the changes were only recognized in the 2021 parent company financial statements.

Moreover, the benefits from deferred tax due to the remeasurement of the deferred tax liabilities arising from the CREATE law for the year ended December 31, 2020, amounting to ₱137.43 million and ₱60.21 million, were recognized in profit or loss and in other comprehensive income, respectively, in the 2021 parent company financial statements.

Provision for (benefit from) income tax consists of:

	2021	2020	2019
Current	**₱92,961,953**	₱12,477,855	₱114,456,957
Final	**11,858,513**	41,546,766	52,539,367
	104,820,466	54,024,621	166,996,324
Deferred	**(141,472,479)**	819,393,838	(2,569,428)
	(₱36,652,013)	₱873,418,459	₱164,426,896

Current tax regulations also provide that the optional standard deduction (OSD) equivalent to 40.00% of gross income may be claimed as an alternative deduction in computing for the RCIT. For 2021, 2020 and 2019 RCIT computation, the Parent Company elected to claim itemized expense deductions instead of the OSD.

Under current tax regulations, the maximum amount of entertainment, amusement and recreational (EAR) expenses allowable as deduction from gross income for purposes of income tax computation shall not exceed 1.00% of the net revenues of a company engaged in the sale of services. In 2021, 2020 and 2019, the Parent Company's EAR expenses amounted to ₱0.34 million, ₱3.13 million and ₱5.74 million, respectively.

The components of the Parent Company's deferred taxes as of December 31, 2021 and 2020 are as follows:

	2021	2020
Deferred tax asset on:		
NOLCO	**₱683,668,110**	₱1,092,875,680
Deferred tax liability on:		
Unrealized gross profit on sale of land	**1,368,537,907**	1,914,719,436
Net unrealized gain on TMC shares	**1,165,741,292**	361,267,226
Deferred financing costs - bonds	**2,797,858**	5,064,131
Retirement asset	**1,945,272**	2,758,288
	2,539,022,329	2,283,809,081
Net deferred tax liability	**(₱1,855,354,219)**	(₱1,190,933,401)

NOLCO

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2021, the Group has incurred NOLCO before taxable year 2020 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Details of the Parent Company's NOLCO follow:

Year Incurred	Availment Period	Amount	NOLCO Applied Previous Years	NOLCO Expired	NOLCO Applied Current Year	NOLCO Unapplied
2018	2019-2021	3,982,777,645	–	3,982,777,645	–	–

As of December 31, 2021, the Parent Company has incurred NOLCO in taxable years 2020 and 2021 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year Incurred	Availment Period	Amount	NOLCO Applied Previous Years	NOLCO Expired	NOLCO Applied Current Year	NOLCO Unapplied
2020	2021-2025	₱4,243,499,786	₱–	₱–	₱–	₱4,243,499,786
2021	2022-2026	3,989,115,800	–	–	–	3,989,115,800
		₱8,232,615,586	₱–	₱–	₱–	₱8,232,615,586

MCIT

Year Incurred	Amount	Expired	Balance	Expiry Date
2021	₱10,329,730	₱–	₱10,329,730	2024
2020	9,358,391	–	9,358,391	2023
2019	114,456,957	–	114,456,957	2022
	₱134,145,078	₱–	₱134,145,078	

The Parent Company has deductible temporary differences for which deferred tax asset has not been recognized since management believes that it is not probable that sufficient taxable income will be available against which the said deductible temporary differences can be utilized.

The Parent Company's unrecognized deductible temporary differences pertain to its NOLCO and MCIT, as follows:

	2021	2020
NOLCO	**₱5,497,943,146**	₱4,583,358,495
MCIT	**134,145,078**	129,782,284

The reconciliation between the statutory income tax and the effective income tax follows:

	2021	2020	2019
Statutory income tax	**₱1,576,292,024**	₱2,294,031,614	₱2,456,199,725
Tax effects of:			
Nontaxable income	**(2,664,618,022)**	(2,451,856,360)	(2,128,804,089)
Change in unrecognized deferred tax assets	**937,276,133**	977,456,559	(292,894,949)
Nondeductible expense	**110,152,214**	62,082,174	41,738,936
Interest income subjected to final tax	**(2,964,628)**	(20,773,383)	(26,269,684)
Change in MCIT rate - CREATE law	**(3,119,464)**	–	–
Excess of MCIT over RCIT	**10,329,730**	12,477,855	114,456,957
Effective income tax	**(₱36,652,013)**	₱873,418,459	₱164,426,896

19. General and Administrative Expenses

This account consists of:

	2021	2020	2019
Salaries and employee benefits (Note 20)	**₱180,971,458**	₱178,935,300	₱152,460,506
Taxes and licenses	**86,765,748**	63,401,977	2,190,368
Service fees (Note 21)	**80,210,829**	83,534,052	–
Directors'/advisers'/corporate officers' fee (Note 21)	**54,571,786**	53,700,000	40,050,000
Administration expense (Note 21)	**48,435,994**	87,793,149	131,948,147
Depreciation and amortization (Note 10)	**17,306,680**	17,258,341	18,113,113
Legal, consultancy and professional fees	**16,900,579**	14,736,284	27,703,570
Clerical, janitorial and security services	**14,310,280**	5,876,767	2,585,166
Advertising expense	**6,004,843**	1,758,135	2,247,164
Trust and agency fees (Note 21)	**5,975,095**	5,115,726	9,141,260
Representation expense	**4,736,114**	4,893,298	7,074,533
Foreign exchange loss, net	–	2,757,791	162,887
Insurance expense (Note 21)	**4,137,523**	3,666,341	3,749,111
Repairs and maintenance (Note 21)	**3,720,885**	3,353,100	2,833,456
Filing, listing, and maintenance fees (Note 21)	**3,373,965**	3,559,784	4,385,466
Rent expense (Note 16)	**2,625,143**	1,649,292	918,488
Communication, light and water (Note 21)	**2,572,418**	2,218,304	2,593,666
Travel and transportation	**1,054,252**	1,261,748	2,029,773
Trainings and seminars	**1,003,365**	656,941	1,136,221

(Forward)

	2021	2020	2019
Fuel and lubricants	**₱982,543**	₱905,231	₱1,075,942
Grants and contributions	**686,230**	668,916	575,000
Stationery and supplies	**407,541**	532,822	2,323,230
Unrecoverable VAT	**–**	–	460,740
Other expenses	**73,748,411**	54,965,562	44,829,441
	₱610,501,682	₱593,198,861	₱460,587,248

In 2020, included in administrative expenses is an amount representing payment for indemnification to the buyers of a previously owned investment, which was sold in 2016. In 2019, administration expense include administration fee in relation to the redemption of PCFI shares and other advisory services, amounting to ₱129.03 million.

Other expenses include creditable withholding tax written off amounting to ₱48.90 million, ₱44.01 million and ₱41.93 in 2021, 2020 and 2019, respectively.

20. Salaries and Employee Benefits

This account consists of:

	2021	2020	2019
Salaries and wages-basic (Note 21)	**₱114,719,919**	₱108,030,896	₱94,713,481
Salaries and wages-bonus (Note 21)	**35,049,010**	38,796,186	38,413,172
Retirement expense (Note 17)	**13,185,407**	11,248,901	6,256,245
SL/VL conversion and overtime	**7,088,813**	5,001,769	2,233,910
SSS, Philhealth and Pag-ibig contribution	**1,628,099**	1,246,500	1,012,894
Other benefits	**9,300,210**	14,611,048	9,830,804
	₱180,971,458	₱178,935,300	₱152,460,506

Other benefits include fringe benefit expense.

21. Related Party Transactions

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions and the parties are subject to common control or common significant influence, such as affiliates. Related parties may be individuals or corporate entities. These related parties include subsidiaries, associates, joint ventures, key management personnel, stockholders and other related parties which include affiliates.

An entity is considered an affiliate if such entity and the Parent Company have common shareholders. In effect, such entity is a sister company of the Parent Company by virtue of ownership and common control. It is neither a subsidiary nor associate of the Parent Company. Management has identified "other related parties" as the shareholders of the Parent Company, the group of individuals effectively controlling the Parent Company and other entities related under a common ownership.

The Parent Company has entered into transactions with its subsidiaries, associates and other related parties principally consisting of cash advances for reimbursement of expenses, merger and acquisitions and capital infusion, leasing agreements, management agreements and dividends received from its investee companies.

Transactions with related parties are made at normal market prices. Outstanding balances at year end are unsecured and settlement occurs generally in cash, except otherwise indicated. As of December 31, 2021 and 2020, no provision for probable losses relating to amounts owed by related parties is required. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

The following table shows the related party transactions included in the parent company financial statements:

	December 31, 2021		
Category	**Amount/ Volume**	**Outstanding balance**	**Terms and Conditions/Nature**
Significant investor			
Accounts receivable (Note 7)	**₱–**	**₱15,000**	Management fee
Miscellaneous income	**160,714**	–	Management service income
Consultancy fees	**302,500**	–	Consultancy fee
Subsidiaries			
Accounts receivable - trade (Note 7)	**(379,238,550)**	**5,265,224,776**	Receivables from sale of lots, with terms of up to 15 years; discounted at current market rate; Secured
Dividend receivable (Note 7)	–	**752,580,000**	Dividend declared in December 2021
Receivables- Others (Note 7)	**4,562,753**	–	Unsecured; Non-interest bearing, due and demandable
Receivable from Affiliate (Note 7)	–	**4,113,914**	Unsecured; Non-interest bearing, due and demandable
Prepayments	**69,276**	–	Prepaid office maintenance fee
Right-of-use asset (Note 10)	**16,517,613**	**27,957,937**	Lease of office space
Accounts payable (Note 13)	**132,046,402**	**31,846,966**	Property management; Outside services
Lease payable (Note 16)	**17,710,856**	**27,431,904**	Lease of office space
Security deposits	**1,833,043**	**4,916,758**	Rental deposits
Dividend income (Note 9)	**2,411,803,156**	–	Dividend income from subsidiaries
Miscellaneous Income	**4,113,914**		Management service income
Cost of rental	**7,190,783**	–	Janitorial and security services in LNC2
Service fees - investment properties	**3,344,412**	–	Property management fees for LNC2
Service fees - inventory (Note 19)	**80,210,829**	–	Property management fees for properties in Cavite
Utilities expense (Note 19)	**279,279**	–	Electricity and water charges in Office
Outside services – security (Note 19)	**11,628,121**	–	Security services for properties in Cavite
Amortization expense - ROU	**12,357,969**	–	Amortization of office space lease
Repairs and maintenance (Note 19)	**2,037,902**	–	Maintenance fee in Office (GT Tower)
Repairs and maintenance - investment property	**480,250**	–	Maintenance of Leased Cavite assets
Supplies - investment property	**1,786**	–	Maintenance of Leased Cavite assets
Associates			
Cash and cash equivalents (Note 6)	**(835,874,440)**	**1,324,412,288**	Unsecured; Interest bearing at prevailing market rate; due and demandable
Financial assets at FVTPL	**4,988,888,250**	**8,697,448,428**	Interest bearing
Accounts payable (Note 13)	**730,511**	**411,827**	Agency fee and insurance
Dividend income (Note 9)	**7,849,530,574**	–	Dividend Income from associates
Insurance expense (Note 19)	**356,774**	–	Group life insurance of employees
Unrealized gain from financial assets at FVTPL	**37,189,839**	–	MTM gain on investments in FVTPL
Gain on disposal of investments	**52,123,013**	–	Realized gain on investments in FVTPL
Joint ventures			
Receivables - others (Note 7)	**4,738,547**	–	Unsecured; Non-interest bearing, due and demandable
Investment in shares of stocks	**800,000,000**	**5,180,000,000**	Additional investments to TFS
Dividend income (Note 9)	**7,719,998**	–	Dividend Income from Sumisho

(Forward)

Category	December 31, 2021 Amount/ Volume	Outstanding balance	Terms and Conditions/Nature
Others			
Cash equivalents - others	**₱245,948,856**	**₱258,368,556**	Savings, current and time deposits accounts earning annual interest rate at 0.125% to 0.575% p.a.
Rent receivable (Note 7)	**–**	**319,655**	Square 2 Rent & CUSA
Interest receivable	**–**	**48,441**	Interest on TD Placement
Receivables -others (Note 7)	**27,562,809**	**–**	Vaccine advanced by Parent company
Prepayments	**2,694,944**	**520,435**	Car, Fire and D&O liability insurance
Accounts payable (Note 13)	**–**	**13,606,094**	Advisory, agency fees and insurance payable
Security deposit - payable	**–**	**426,526**	Rent security deposit
Rent income & CUSA	**1,193,285**	**–**	Square 2 Rent & CUSA
Interest income	**1,509,835**	**–**	Interest on TD Placement
Cost of rental – insurance	**292,982**	**–**	LNC Fire insurance
Insurance expense (Note 19)	**2,658,399**	**–**	Car and D&O liability insurance
Agency fee (Note 19)	**2,713,117**	**–**	Safekeeping and agency fee
Advisory fee (Note 19)	**59,157,931**	**–**	Retainers fee for Project Cyclops
Payable to affiliate	**24,000,000**	**24,000,000**	Refund of security deposit
Key management personnel			
Other receivables (Note 7)	**–**	**190,084**	Noninterest-bearing receivable from key management personnel
Director's fee (Note 19)	**53,534,643**	**–**	Per diem and bonus of directors

Category	December 31, 2020 Amount/ Volume	Outstanding balance	Terms and Conditions/Nature
Significant investor			
Accounts receivable (Note 7)	₱–	₱15,000	Management fee
Accounts payable (Note 13)	–	293,425	Consultancy fee
Miscellaneous income	160,714	–	Management fee
Consultancy fees	3,630,000	–	Consultancy fee
Subsidiaries			
Accounts receivable - trade (Note 7)	–	5,644,463,326	Receivables from sale of lots, with terms of up to 15 years; discounted at current market rate; Secured
Dividend receivable (Note 7)	–	752,580,000	Dividend declared in December 2020
Receivables - others (Note 7)	–	1,400,000	Test kits advanced by Parent Company
Investments in subsidiaries (Note 9)	565,000,000	919,250,000	Additional investment in GTCAD
Transportation equipment	803,571	–	Purchase of transportation equipment
Right-of-use asset (Note 10)	35,697,438	35,697,438	Lease of office space
Lease payable (Note 16)	35,697,438	24,219,546	Office rent
Security deposits	1,537,036	3,083,714	Rental deposits
Accounts payable (Note 13)	–	7,064,486	Property management; Outside services
Dividend income (Note 9)	5,473,012,701	–	Dividend income
Real estate sales	4,803,499,098	–	Sale of lots (Project Sequoia)
Interest income	256,622,550	–	Interest on sale of lots
Cost of real estate sales	3,067,436,963	–	Cost of lots sold
Cost of rental	3,030,974	–	Janitorial and security services in LNC2
Service fees - investment properties	3,802,991	–	Property management fee in LNC2
Service fees - inventory (Note 19)	83,534,052	–	Property management fee
Utilities expense - electricity (Note 19)	234,726	–	Electricity and water charges in office
Outside services - security	2,944,501	–	Security services in land (inventory)
Repairs and maintenance (Note 19)	1,864,680	–	Maintenance fee in office
Associates			
Cash and cash equivalents (Note 6)	(207,041,994)	2,160,286,728	Savings, current and time deposits accounts earning annual interest rate ranging from 0.12% to 2.50%
Financial assets at FVTPL (Note 12)	989,405,997	3,708,560,178	FVTPL investments
Investments in associates (Note 9)	1,247,138,413	83,061,482,679	Additional investment in MBTC
Dividend income (Note 9)	2,764,339,880	–	Dividend income
Interest income (Note 6)	23,310,826	–	Interest on TD placement with MBTC at 0.125% to 2.50% p.a.
Gain on financial assets at FVTPL	112,648,266	–	Realized and unrealized gain on financial assets at FVTPL

(Forward)

Category	December 31, 2020 Amount/ Volume	Outstanding balance	Terms and Conditions/Nature
Insurance expense (Note 19)	₱312,031	₱–	Group life insurance of employees
Accounts payable (Note 13)	577,500	–	Agency fee
Agency fee - trust and escrow	2,093,088	–	Safekeeping and trust agreement
Miscellaneous expenses	425	–	Bank charges
Joint ventures			
Investments in joint ventures (Note 9)	800,000,000	4,380,000,000	Additional investment in TFSPC
Receivables - others (Note 7)	–	3,500	Test kits advanced by Parent Company
Others			
Cash and cash equivalents (Note 6)	(88,598,744)	227,583,764	Savings, current and time deposits accounts earning annual interest rate at 0.875% to 3.0% p.a.
Accounts payable (Note 13)	–	34,855	Insurance expense payable
Unearned rent income (Note 13)	–	12,000,000	Advance rental
Security deposit payable (Note 13)	–	12,403,837	Rental deposit
Insurance expense (Note 19)	2,424,647	–	Car, life and D&O liability insurance
Interest receivable (Note 7)	–	227,070	Interest on TD placement
Interest income (Note 6)	4,105,770	–	Interest on TD placement at 0.875% to 3.0% p.a.
Administration expense (Note 19)	3,387,096	–	Retainers fee for Project Cyclops
Accounts receivable (Note 7)	373,468	312,484	Square 2 rent
Rent receivable (Note 7)	–	257,221	Square 2 rent
Rent income (Note 16)	622,091	–	Square 2 rent
Miscellaneous income	333,454	–	Other leasing income
Leasing income	134,828	–	Other leasing income
Key management personnel			
Other receivables (Note 5)	–	86,199	Noninterest-bearing receivable from key management personnel
Other income	13,393	–	Income from key management for car lease
Director's fee (Note 19)	52,990,000	–	Per diem and bonus of directors

Compensation of key management personnel for the years ended December 31, 2021, 2020 and 2019 follow:

	2021	2020	2019
Short-term employee benefits	**₱117,100,474**	₱118,034,666	₱106,642,817
Post-employment benefits	**3,355,183**	4,902,764	4,085,556
	₱120,455,657	₱122,937,430	₱110,728,373

Transactions with Retirement Fund

The retirement fund of the Parent Company is being managed and maintained by MBTC as trustee bank. The total carrying amount and fair value of the retirement funds as of December 31, 2021 and 2020 amounted to ₱61.34 million and ₱69.05 million, respectively. The assets and investments of the fund include cash and cash equivalents, investments in government securities and UITFs, among others.

Category	**December 31, 2021 Amount/ Volume**	**Outstanding Balances**	**Terms and Conditions/Nature**
Associates			
Savings deposits	**₱–**	**₱126,819**	Savings account with annual interest of 1.00%; Unsecured and no impairment;;
Unitized investment trust funds		**3,670,074**	Unsecured with no impairment
Interest income	**2,134.86**	**–**	Income earned from savings and time deposit accounts
Realized gain on sale of UITFs	**26,881.02**	**–**	

	December 31, 2020		
Category	Amount/ Volume	Outstanding Balances	Terms and Conditions/Nature
Associates			
Savings deposits	₱–	₱44,750	Savings account with annual interest of 1.00%; Unsecured and no impairment;;
Unitized investment trust funds	–	3,057,485	Unsecured with no impairment
Interest income	26,516	–	Income earned from savings and time deposit accounts
Realized gain on sale of UITFs	92,185	–	

22. Contingent Liabilities

In order to partially guarantee the completion of Fed Land's ongoing projects, the Parent Company issued letters of Guarantee (LG) in favor of the Housing and Land Use Regulatory Board for a total guarantee amount of ₱2.81 billion and ₱3.45 billion as of December 31, 2021 and 2020, respectively.

23. Events after the Reporting Date

On January 27, 2022, the Parent Company paid the quarterly cash dividends amounting to ₱56.01 million, or ₱11.57475 per share in favor of GT Capital's perpetual preferred series A stockholders as of record date January 5, 2022.

On January 27, 2022, the Parent Company paid the quarterly cash dividends amounting to ₱91.21 million, or ₱12.73725 per share in favor of GT Capital's perpetual preferred series B stockholders as of record date January 5, 2022.

On March 25, 2022, the BOD of the Parent Company approved the declaration of a regular cash dividend amounting to ₱645.85 million, or ₱3.00 per share in favor of GT Capital's common stockholders of record as of April 8, 2022, payable on April 22, 2022.

On March 25, 2022, the BOD of the Parent Company approved the declaration of a regular cash dividend in favor of its voting preferred stockholders at a dividend rate of 3.77%, with record date on April 8, 2022 and payment date on April 22, 2022.

24. Notes to Cash Flow Statements

The principal noncash activities of the Parent Company consist of:

	2021	2020	2019
Minimum corporate income tax offset with creditable withholding tax asset	**₱10,329,730**	₱12,477,855	₱103,631,123

The following table shows the reconciliation analysis of liabilities arising from financing activities for the period ended December 31, 2021 and 2020:

	2021							
				Deferred financing cost				
	Balances at beginning of year	**Availment**	**Payment**	**Additions**	**Amortization***	**Foreign exchange movement**	**Others****	**Balances at end of year**
Loans payable	**₱67,456,914,745**	**₱5,000,000,000**	**(₱25,000,000)**	**(₱37,500,000)**	**₱49,712,927**	**(₱503,496,001)**	**(₱5,168,351,500)**	**₱66,772,280,171**
Current portion of loans payable	**–**	**–**	**–**	**–**	**–**	**–**	**5,168,351,500**	**5,168,351,500**
Current portion of bonds payable	**4,994,722,468**	**–**	**(5,000,000,000)**	**–**	**5,277,532**	**–**	**–**	**–**
Bonds payable - net of current portion	**10,065,346,036**	**–**	**–**	**–**	**12,124,371**	**–**		**10,077,470,407**
Lease liabilities	**24,219,546**	**16,517,613**	**(14,108,345)**	**–**	**–**	**–**	**803,090**	**27,431,904**
	₱82,541,202,795	**₱5,016,517,613**	**(₱5,039,108,345)**	**(₱37,500,000)**	**₱67,114,830**	**(₱503,496,001)**	**₱803,090**	**₱82,045,533,982**

** included in 'Interest expense'*
*** include reclassification from non-current to current, non-cash addition to lease liabilities and accretion of lease liabilities*

	2020							
				Deferred financing cost				
	Balances at beginning of year	Availment	Payment	Additions	Amortization*	Foreign exchange movement	Others**	Balances at end of year
Loans payable	₱63,464,827,219	₱4,000,000,000	(₱25,000,000)	(₱30,000,000)	₱47,087,526	₱–	₱–	₱67,456,914,745
Current portion of bonds payable	3,898,846,386	–	(3,900,000,000)	–	3,292,772	–	4,992,583,310	4,994,722,468
Bonds payable - net of current portion	15,040,196,260	–	–	–	17,733,086	–	(4,992,583,310)	10,065,346,036
Lease liabilities	–	–	(12,334,858)	–	–	–	36,554,404	24,219,546
	₱82,403,869,865	₱4,000,000,000	(₱3,937,334,858)	(₱30,000,000)	₱68,113,384	₱–	₱36,554,404	₱82,541,202,795

** included in 'Interest expense'*
*** include reclassification from non-current to current, non-cash addition to lease liabilities and accretion of lease liabilities*

25. Approval for the Release of the Financial Statements

The accompanying financial statements of the Parent Company were approved and authorized for issue by the Parent Company's BOD on March 25, 2022.

26. Supplementary Information Required Under Revenue Regulations (RR) 15-2010

On November 25, 2010, the BIR issued RR 15-2010 to amend certain provisions of RR 21-2002 which provides that starting 2010, the notes to financial statements shall include information on taxes, duties and license fees paid or accrued during the taxable year.

The Parent Company reported and/or paid the following types of taxes for the year:

Value-added Tax (VAT)
The National Internal Revenue Code (NIRC) of 1997 provides for the imposition of VAT on sales of goods and services. Accordingly, the Parent Company's sales are subject to output VAT while its importations and purchases from other VAT-registered individuals or corporations are subject to input VAT. RA No. 9337 increased the VAT rate from 10.00% to 12.00%, effective February 1, 2006.

Details of the Parent Company's net input VAT accounts are as follows:

Input tax:			
Balance at beginning	₱2,247,950,068		
Less: Input tax deferred from previous period	1,896,610		
	2,246,053,458		
Input tax deferred on capital goods exceeding ₱1.00 million from previous period	278,885	₱2,246,332,343	
Add: Current transactions:			
Purchase of capital goods not exceeding ₱1.00 million	528,589		
Purchase of capital goods exceeding ₱1.00 million	868,179		
Domestic purchase of goods other than capital goods	348,654		
Domestic purchase of services	21,015,939		
Services rendered by non-resident	–	22,761,361	
Total available input tax		2,269,093,704	
Deductions from input tax			
Input tax on purchased of goods exceeding ₱1.00 million deferred for the succeeding period	(976,822)		
Others	–	(976,822)	2,268,116,882
Less: Output tax current			117,923,259
			2,150,193,623
Add: Input tax deferred			
Input tax deferred on capital goods		976,822	
Input tax deferred on domestic purchases of services		4,136,902	5,113,724
Balance at end of the year			₱2,155,307,347

Taxes and Licenses

This includes all taxes, local and national, including licenses and permit fees lodged under the 'Taxes and licenses' account in profit or loss in the parent company statements of comprehensive income.

Details are as follows:

Tax assessment	₱54,255,873
Local business tax	17,474,618
Real property tax	12,668,352
Fringe benefit tax	2,330,770
Documentary stamp tax	35,635
Others	500
	₱86,765,748

The Parent Company also paid documentary stamp tax on loans payable booked under deferred financing costs amounting ₱37.50 million.

Withholding Taxes

Details of total remittances and balance of withholding taxes in 2021 are as follows:

	Total remittances	Balance
Final withholding taxes	₱163,453,192	₱9,577,741
Expanded withholding taxes	85,700,906	22,701,230
Withholding tax on compensation	44,073,693	3,956,990
	₱293,227,791	₱36,235,961

Tax Assessments and Cases

The Parent Company has no outstanding tax cases and/or assessment with the BIR as of December 31, 2021.