COVER SHEET

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S.E.C. Registration Number

PHILIPPINE REALTY AND HOLDINGS CORPORATION

(Company's Full Name)

ONE BALETE 1 BALETE DRIVE COR N DOMINGO ST BRGY KAUNLARAN DISTRICT 4 QUEZON CITY 1111

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

MARK ANTHONY RAMOS	636-1170
Contact Person	Company Telephone Number

1	2	3	1	SEC Form 17-A	0	6	3	0
Month		Day		FORM TYPE	Month		Day	

Annual Meeting

N/A

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

SECURITIES AND EXCHANGE COMMISSION

Form 17-A

PHILIPPINE REALTY AND HOLDINGS CORPORATION

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: 31st December 2020

2. SEC Identification No.: 99905

3. BIR Tax Identification No.: 116-000-188-233

4. Registrant: Philippine Realty and Holdings Corporation

5. Country of Incorporation: Philippines

6. Industry Classification Code: Real Estate Developer

7. Address of principal office: One Balete, 1 Balete Drive corner N. Domingo St., Brgy. Kaunlaran Quezon City
   Satellite Office: Unit No. 2001B, 20th Floor PSE Centre East Tower, Exchange Road, Ortigas Center Pasig City

8. Registrant's telephone no.: 8631-3179

9. The Registrant has not changed its corporate name and fiscal year.

10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of Class	No. of shares of common stock outstanding	Debt Outstanding
Common	4,922,324,907 shares	₱0.00

11. The Registrant's common shares are listed on the Philippine Stock Exchange

12. The Registrant has filed all reports required to be filed by Section 17 of the Securities Regulation Code and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporate Code during the preceding 12 months.

    The Registrant has been subject to such filing requirements for the past 90 days.

13. The aggregate market value of voting stocks held by non-affiliates representing 2,603,406,006 of outstanding common shares is ₱860,113,982 computed on the basis of ₱0.33 per common share as of close of December 31, 2020.

14. The Registrant has filed all documents and reports required to be filed by Section 17 of the Code.

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PART I

BUSINESS AND GENERAL INFORMATION

Item 1. Business

Philippine Realty and Holdings Corporation (hereinafter referred to by its trading symbol "**RLT**" or the "**Parent Company**") was incorporated and registered with the Philippine Securities and Exchange Commission ("**SEC**") on July 13, 1981 with a corporate life of fifty (50) years, and an initial capitalization of ₱2,000,000.00. In 1986, the Parent Company's Authorized Capital Stock ("**ACS**") was increased to ₱100,000,000.00 to accommodate the entry of new stockholders. Its present authorized capital stock is ₱4,000,000,000.00 divided into 8,000,000,000 shares with par value of ₱0.50 per share, of which 4,922,324,908 shares are subscribed and outstanding.

The principal activities of the Parent Company include the acquisition, development, sale and lease of all kinds of real estate and personal properties, and as an investment and holding company.

The Parent Company was listed with the Philippine Stock Exchange ("**PSE**") on September 7, 1987.

RLT is 35.67% owned by Greenhills Properties, Inc. ("**GPI**"), a corporation incorporated under the laws of the Philippines. The remaining shares are owned by various individuals and institutional stockholders.

On April 18, 2018, the Board of Directors of the Parent Company approved the contribution by GPI into RLT of two (2) vacant lots located in Bonifacio Global City ("**BGC**") more particularly described as follows: 1) Lot 1 Block 8 containing 1,600 sq.m., located at the corner of 6th Avenue and 24th Street; and 2) Lot 4 Block 8 also containing 1,600 sq.m., located at 6th Avenue corner 25th Street. Lot 1 Block 8 is registered under the name of GPI, and GPI also acquired Lot 4 Block 8 from its wholly-owned subsidiary, Lochinver Assets Inc. (LAI), by way of merger approved by the SEC, with GPI as the Surviving Corporation and LAI as the Absorbed Corporation.

The proposed transaction will involve the issuance of 4,177,777,778 new common shares by the Parent Company in favor of GPI, to be issued from the increase in the ACS of the Parent Company, in exchange for GPI's contribution of two (2) vacant lots in the BGC as capital.

On July 23, 2018, the Stockholders approved the above transaction and the amendment of Article VII of the Parent Company's Articles of Incorporation increasing the Parent Company's authorized capital stock from 8,000,000,000 common shares with a par value of ₱0.50 per share to 16,000,000,000 common shares with a par value of ₱0.50 per share. The Parent Company's application with the SEC for the increase in authorized capital was approved on May 14, 2019.

The contribution of two (2) vacant lots in the BGC by GPI in exchange for RLT's shares of stock is still pending due to the processing of the titles of the two (2) vacant lots.

The Parent Company's registered office is at One Balete, 1 Balete Drive Corner N. Domingo St.

Brgy. Kaunlaran, District 4, Quezon City 1111, Philippines.

Subsidiaries

RLT has organized/invested in the following subsidiaries and affiliates (RLT together with its subsidiaries and affiliates are referred herein as "**RLT Group of Companies**" or simply "**RLT Group**").

PRHC Property Managers, Inc. (100% owned)

PRHC Property Managers, Inc. ("**PPMI**") was incorporated in May 1991 to oversee the administration, operation and monitoring of RLT's growing number of real estate properties. Its clients include: Philippine Stock Exchange Centre Condominium Corporation, Icon Residences Condominium Corporation, Icon Plaza Condominium Corporation, Casa Miguel Condominium Corporation, Andrea North Condominium Corporation, Nobel Plaza Condominium, LTA Condominium, Greenhills Properties Inc.'s El Pueblo Real de Manila, The Pinnacle Condominium and Greenrich Mansion Condominium, Tycoon Centre Condominium Unitowners Association Inc., and Seibu Tower Condominium Corporation.

PPMI ensures that the properties are managed according to the established requirements and standards in the industry. PPMI is also engaged in the sale and leasing of managed buildings as well as other real estate.

Tektite Insurance Brokers, Inc. (100% owned)

Tektite Insurance Brokers, Inc. ("**TIBI**") was incorporated in January 1989 as Philrealty Insurance Agency. Due to increasing demand, it was reorganized to become an insurance brokerage firm in 1994. Major clients include: RLT Group of Companies, RG Meditron, Philippine Stock Exchange Centre Condominium Corporation, Icon Residences Condominium Corporation, Icon Plaza Condominium Corporation and Develop Dimension Inc.

Universal Travel Corporation (81.53% owned)

Universal Travel Corporation ("**UTC**") was incorporated in October 1993 and was engaged in the business of travel services by providing, arranging, marketing, engaging or rendering advisory and consultancy services relating to tours and tour packages. UTC catered principally to the offices at the Philippine Stock Exchange Centre ("**PSEC**"). In August 2018, the Company announced that it ceased its travel agency business operations on a voluntary basis due to continuing losses and increasing capital deficiency. The terminated employees of UTC were all paid their separation benefits and all creditors were also paid prior to the temporary cessation of its business operations. This move is part of the business rationalization process presently being undertaken by RLT wherein the Parent Company sought to explore new investment/business opportunities while at the same time lightening up on existing unrelated or unprofitable investments.

Sultan Power Inc. (100% owned)

Sultan Power, Inc. ("**SPI**") was incorporated under Philippine laws and registered with the SEC on March 19, 2015 as a holding company and commenced its operations as such by acquiring the majority outstanding shares of stock of Recon-X Energy Corporation (“**Recon-X**”). SPI subscribed to 51% of the total and issued and outstanding shares of Recon-X. Recon-X was incorporated under Philippine laws and registered with the SEC on June 27, 2014 to engage in the business of recycling and converting plastics into fuel (gasoline, diesel and kerosene) using patented technology which was duly-certified on November 2, 2015 by the Intellectual Property Office of the Philippines (“**IPP**”) for “Improved Method of Converting Land-Filled Plastic Wastes into Hydrocarbon Fuel”, certified by the Department of Science and Technology (“**DOST**”) and by the Department of Energy (“**DOE**”). Recon-X is still in pre-operating stage.

Products and Services

The principal products or services of RLT, which are derived from domestic sales and their relative contribution to total revenues, are as follows:

	2020	2019	2018
Sale of Condominium Units	37.54%	57.00%	55.42%
Leasing	9.83%	2.70%	5.61%
Property Management	6.08%	2.28%	1.87%
Insurance Brokerage	0.63%	0.30%	0.37%
Other Income	45.92%	37.72%	36.52%
Total	100%	100%	100.00%

Sale of Condominium units

RLT develops and sells high-end condominium units located at One Balete Drive corner N. Domingo Street, Quezon City and is now planning on developing additional high-end residential towers in the One Balete Compound (formerly known as Andrea North) soon, in addition to the completed Skyline Tower and the SkyVillas Tower.

In addition, the Parent Company entered into two (2) joint venture arrangements with Xcell Property Ventures Inc. (“**Xcell**”) for the development of the Icon Residences (a 2-tower residential condominium building) and Icon Plaza (residential /commercial condominium building). RLT contributed the parcel of lands located at the Bonifacio Global City (“**BGC**”) where the Icon Residences Towers and the Icon Plaza Tower were constructed thereon to the joint venture. Xcell provided the funds to the joint venture for the construction of the condominium towers. The Company has several units for sale and/or for lease at Icon Residences and at Icon Plaza at the BGC.

Leasing

RLT has investment properties, such as residential and commercial office and storage units and parking slots, for lease at the following locations: 1) Philippine Stock Exchange Centre located at Exchange Road, Ortigas Center Pasig City; 2) Icon Plaza located at 5th Avenue, BGC, Taguig City; 3) Skyline Tower; and 4) SkyVillas Tower, the latter two (2) towers located at the One Balete Compound, One Balete Drive corner N. Domingo Street, Quezon City. The contracts of lease are renewable for periods ranging from six months to five years.

The Company is also leasing and sub-leasing two parcels of land with total area of 3,200 square meters located along 5th Avenue BGC, Taguig City where one parcel of land houses commercial units for sale.

RLT is also leasing to tenants approximately 500 sq.m. of the Ground Floor space of the One Balete Building located at One Balete Drive corner N. Domingo Street, Quezon City.

Property Management

RLT's property management subsidiary, PPMI, oversees the administration, operation and monitoring of real estate assets of RLT and other companies.

Insurance Brokerage

TIBI operates as insurance brokerage firm for RLT and other companies.

Employees

RLT has a total workforce of 63 employees as of December 31, 2020, classified as follows:

Staff	34
Managerial	16
Executive	10
Total	**60**

The Company expects to more or less maintain its number of employees in the next 12 months. There is no existing Collective Bargaining Agreement ("**CBA**") between the Company and its employees as there is no labor union in the Company. The Parent Company has the following supplemental benefits for its employees: (a) Health Care; (b) Group Life Insurance; (c) Retirement Plan and (d) Profit-sharing based on the Parent Company's By-Laws.

Item 2. <u>Properties and Projects</u>

<u>The Parent Company's Projects</u>

RLT has developed unique and trend setting projects, such as the following:

1. ***<u>The Alexandra</u>***. The Alexandra was the first to offer consumers the combination of high-rise condominium and subdivision living. It is a luxury mid-rise development with a ratio of one sq.m. of land for every two sq.m. of sold floor area. As the first gated vertical community in Metro Manila, The Alexandra was one of the most coveted addresses in its heyday. The community is composed of 11 buildings that range from 5 to 14-storeys high. There are only 360 units in the 4.2 ha. property, all of which are 3-bedroom apartments with floor areas ranging from 182 to 250 sq.m. The narra flooring, marble baths, landscaped gardens, and the ratio of space to the number of occupants, all right in the Ortigas Center central business district made this a community like no other.

2. ***<u>Philippine Stock Exchange Centre (hereinafter "PSEC" also known as Tektite Towers)</u>***. Launched as Tektite Towers in 1989 and fully completed in January 1996, The Philippine Stock Exchange Centre held the title for the **largest office building complex for decades after its completion**. With twin towers consisting of 33 stories each, more than 1,700 parking spaces, wide hallways, spacious offices, combine to encompass more than 18 has. of covered space. Bridging the East and West Towers was the 4-storey official headquarters of the Philippine Stock Exchange, Inc. ("**PSEI**") until it moved to its new location in BGC in 2018. On the ground floor, directly beneath what used to be the PSEI trading floor is a multi-purpose auditorium with a 400-person capacity.

3. ***<u>La Isla Condominium</u>***. La Isla Condominium has only 28 units ranging from 270 sq.m. 2-bedroom units to 580 sq.m. loft apartments. 2 units per floor, with elevators that open directly to the unit owner's own foyer. Solid narra floors, marble baths, 2 to 4 parking spaces per unit, and extra storage space in the basement. La Isla Condominium is still among the most exclusive residential development in the metropolis, with units still in great demand, close to two decades after its completion. The building was named for its 360^{o} view, never to be impeded by a neighboring building. It is an island in the heart of the Ortigas Central Business District ("**CBD**").

4. ***<u>The Alexis</u>***, a low-rise condominium within an upscale subdivision.

5. ***<u>Casa Miguel</u>***. A 4-storey walk-up residential condominium in San Juan, Metro Manila.

6. ***<u>One Balete Compound</u>***. Formerly known as Andrea North Complex, RLT's One Balete Compound, located in a 2.8 ha. property in New Manila, Quezon City, which used to be the Pepsi Cola complex in New Manila, was launched after the full completion of The Philippine Stock Exchange Centre (Tektite Towers) in January 1996. It is situated at the corner of Balete Drive and N. Domingo Street. The Complex will be comprised of a 4-tower luxury development. This project is an Alexandra-type upscale and high-rise condominium complex.

   The first tower, Skyline Tower, was completed in September 2011, and the second tower, started on November 16, 2012, now also completed, is SkyVillas Tower, a 31-storey luxury condominium that features only 2 to 8 units per floor.

7. ***The Icon Residences***. A completed 2-Tower condominium joint venture project with Xcell located in BGC, consists of minimum saleable areas (excluding parking) of 18,640 sq.m. and 219 parking units.

8. ***The Icon Plaza***. A completed mixed-use condominium building which was started in mid-2010, is comprised of commercial/retail spaces, office suites and residential units with a minimum saleable area (excluding parking) of 28,043 sq.m. and parking spaces of 350 units. The Icon Plaza was another joint venture project with Xcell located in the BGC.

The Parent Company's Properties

Land bank

The Parent Company's land bank are as follows:

Estate	Location	Area in sqm.
One Balete Compound	Quezon City, Metro Manila	8,968.87
El Retiro Estate	Baguio City	16,158.00

In the July 23, 2018 annual meeting of the stockholders, the stockholders approved the issuance of new common shares from the increased capital stock of the Parent Company in favor of GPI in exchange for the contribution by GPI of two (2) very prime properties in the BGC which properties are described below:

Reg. Owner	Location	Lot No./Unit No.	Land Area	FAR
GPI	BGC, Taguig City	Lot 1 Block 8	1,600 sq. m.	10
GPI (LAI)	BGC, Taguig City	Lot 4 Block 8	1,600 sq. m.	10

Leased Properties

The Parent Company has an existing lease contract with GPI which allows RLT to sublease, two parcels of land located along 5th Avenue at the BGC, with a total area of 3,200 sq.m. more or less. The lease agreement is for a period of 15 years.

Rental Properties

The Parent Company's properties for lease are largely office and storage units, parking slots, commercial spaces, commercial strips and residential condominium units. These are as follows:

PSEC (Tektite Towers) properties located at Ortigas Center, Pasig City

Units for Lease	Number of units
Office condominium units	31
Commercial condominium units	16
Storage spaces	60
Parking spaces	327

Icon Plaza properties located at BGC, Taguig City

Units for Lease	Number of units
Condominium units	13
Parking spaces	33

Majority of the units for PSEC (Tektite Towers), Icon Plaza, Skyline Tower, Icon Showroom and SkyVillas Tower as well as a portion of the One Balete Building are leased out to individuals and corporate entities. In 2020, the Parent Company generated a total of ₱69.1 Million lease income from these properties.

Mortgage, Lien or Encumbrance over Properties

The Parent Company has some condominium units in SkyVillas Tower and PSEC (Tektite Towers) that are mortgaged with the Philippine Bank of Communications ("**PBCOM**") and certain parcels of land with the Philippine National Bank ("**PNB**").

Item 3. Legal Proceedings

Entering into Corporate Rehabilitation and Subsequent Exit due to its Successful Implementation

Like many other companies that encountered problems during the Asian financial crisis at the turn of the millenium, RLT was hit by very high interest rates on its peso loans and yet could not sell its real estate inventory quickly enough as demand for both residential units and office units practically dried up. To make matters worse, banks have been calling in their loans and threatening foreclosures.

In order to service all its obligations in an orderly manner and prevent banks from foreclosing on its mortgaged properties, the Parent Company was forced to file for a Petition for Corporate Rehabilitation with Suspension of Payments in 2002. Under the Rehabilitation Plan that RLT submitted to the court, which the court later approved, the Parent Company committed to sell assets/investments not currently used in operations, e.g., its participation in the Metro Pacific consortium that won the bid in the auction by the Bases Conversion Development Authority ("**BCDA**") of Fort Bonifacio (which later became the Bonifacio Global City or BGC), the Parent Company's investment in a BGC property, etc., even at prices below cost to be able to pay its debts. This clearly demonstrated the RLT's commitment to honor its debts provided it is provided the opportunity and the breathing room to do so.

Over time, the Parent Company was able to settle all its obligations with all its five (5) creditor banks through *dacion-en-pago* and by way of cash payments from the sale of assets and real estate inventory. It was also able to fully repay restructured unsecured loans.

In spite of not having new/additional credit lines from banking institutions, the Parent Company resumed the construction of its Andrea North Skyline Tower (Skyline Tower) located at Balete Drive, New Manila, Quezon City in February 2009 and completed it in September 2011 for a total cost of ₱1.1 Billion. The completion of the construction of the Skyline Tower was among the major components of the Rehabilitation Plan.

By December 20, 2013, the Parent Company's liabilities to the Skyline Tower contractor, Skyline buyers and unsecured creditors were all paid.

On March 18, 2014, RLT's Motion to Terminate Rehabilitation Proceedings on Account of the Successful Implementation of the Rehabilitation Plan, which was recommended to the court by the Rehabilitation Receiver, was granted by the court. Accordingly, the Stay Order issued by the court was lifted, and RLT was able to resume normal business operations without the supervision of a court-approved Rehabilitation Receiver.

However, it was only on February 1, 2017 that RLT was officially pronounced out of the PSE list of companies under rehabilitation. This official PSE pronouncement came after the PSE's positive evaluation of the January 4, 2017 Certificate of Finality issued by the Regional Trial Court Branch 93, Quezon City certifying that its order dated March 18, 2014, terminating the rehabilitation proceedings "*on account of the successful implementation of the Rehabilitation Plan*", has become final and executory.

Legal Case vs. Universal Leisure Corporation, DMCI Project Developers Inc. and Universal Rightfield Property Holdings Inc. and Subsequent Amicable Settlement and Satisfaction of the Judgement of the Courts

In 1998, the Parent Company sued Universal Leisure Corporation ("**ULC**") for failing to pay the remaining sales price of condominium units and parking slots. ULC bought several condominium units under 2 Contracts to Sell. After paying the down payment, ULC refused to pay the balance due in the principal sums of ₱25.7 Million and ₱30.5 Million. In February 2004, a decision was rendered in favor of the defendant on the account that ULC is an assignee of receivables from DMCI Project Developers, Inc. ("**DMCI-PDI**") and Universal Rightfield Property Holdings, Inc. ("**URPHI**"). These receivables are allegedly owed by the Parent Company to DMCI-PDI and URPHI as a result of the cancellation of a joint venture agreement entered into in 1996 by the Parent Company, DMCI-PDI and URPHI. The Parent Company was ordered to deliver to ULC the titles of the condominium units and pay to ULC, as assignee of defendants DMCI-PDI and URPHI, the amount of ₱24.7 Million plus 6% p.a. interest; otherwise to return to ULC the amounts which have been paid including what have been deemed paid over the condominium units and parking spaces, and pay attorney's fees of ₱600,000. The Parent Company appealed the decision to the Court of Appeals which affirmed the regional trial court's decision with modification that reduced the attorney's fees to a total of ₱150,000. In December 2012, the Parent Company filed a Motion for Reconsideration and the same was denied. Thereafter, the Parent Company filed a Petition for Review on Certiorari with the Supreme Court where the matter was resolved in favor of ULC.

In 2019, RLT, as a result of an amicable settlement with ULC (for itself and as assignee of URPHI and DMCI-PDI), fully settled and satisfied the judgement of the courts in Civil Case No. 67092, by returning to ULC the amounts that ULC paid and deemed to have paid in favor of RLT in the total amount of ₱231,150,000. The payment by RLT of the ₱231,150,000 was completed on March 15, 2029. The agreement covered the cancellation of the sale of a Penthouse unit located at the 34th Floor, West Tower of the PSEC (Tektite Towers) containing a floor area of 2,370 sq.m. and 74 parking slots located at the Podium 3 Parking Level of the West Tower of the PSEC (Tektite Towers). The settlement puts an amicable and mutually beneficial closure to a 20-year-old legal case. With the agreement that also fully satisfied the judgement of the courts, RLT recovered a Penthouse unit located at the 34th Floor, West Tower of the PSEC (Tektite Towers) and 74 parking slots located at the Podium 3 Parking

Level of the West Tower of the PSEC (Tektite Towers). The fair value of the Penthouse unit and the 74 parking slots have been determined recently by an independent property appraisal company accredited with the SEC and with the PSE to be substantially higher than the ₱231,150,000 returned by RLT to ULC.

In addition, the Parent Company is involved in certain claims and pending lawsuits arising in the ordinary course of business which is either pending decision by the courts or under negotiation.

Certain subsidiaries are defendants or parties in various lawsuits and claims involving civil and labor cases. In the opinion of the subsidiaries' management, these lawsuits and claims, if decided adversely, will not involve sums having material effect on the subsidiaries' financial position or results of operations.

Management believes that the final settlement, if any, of the foregoing lawsuits or claims would not adversely affect the Parent Company's financial position or results of operations.

Item 4. <u>Submission of Matters to a Vote of Security Holders</u>

There were no matters submitted to a vote of security holders during the fourth quarter of the calendar year covered by this report.

Part II
SECURITIES OF THE REGISTRANT

Item 5. Market for Registrant's Common Shares and Related Stockholder Matters

Market Information

Principal market for the Registrant's Common shares: Philippine Stock Exchange

High and Low Sales Prices for each quarter for years 2018, 2019 and 2020 based on Philippine Stock Exchange's Daily Quotation Report

	2018		2019		2020	
	High	Low	High	Low	High	Low
1st Quarter	0.56	0.52	0.46	0.44	0.28	0.27
2nd Quarter	0.485	0.465	0.41	0.40	0.25	0.24
3rd Quarter	0.435	0.42	0.39	0.38	0.22	0.21
4th Quarter	0.43	0.42	0.31	0.30	0.33	0.31

Holders

As of December 31, 2020, the Parent Company has 2,331 stockholders. The list of the top 20 stockholders of the Parent Company as of December 31, 2020 appears below:

Name of Stockholder	Citizenship	No. of Shares	Percentage (%)
PCD Nominee Corporation	Filipino	2,387,326,917	48.50%
Greenhills Properties, Inc.	Filipino	1,755,779,066	35.67%
Campos, Lanuza & Co., Inc.	Filipino	275,196,201	5.59%
PCD Nominee Corporation - NF	Filipino	69,750,746	1.42%
Belson Securities, Inc.	Filipino	30,580,956	0.62%
Socorro C. Ramos	Filipino	21,291,750	0.43%
Brisot Economic Dev. Corp	Filipino	15,280,621	0.31%
Vulcan Industrial & Mining Corp.	Filipino	15,159,434	0.31%
Ramon de Leon	Filipino	11,810,854	0.24%
Ricardo Leong	Filipino	11,810,854	0.24%
Calixto Laureano	Filipino	11,810,854	0.24%
Consuelo Madrigal	Filipino	11,500,000	0.23%
Gerardo Domenico Antonio Lanuza	Filipino	9,843,366	0.20%
Oscar S. Cu ITF Anthony Cu	Filipino	7,390,000	0.15%
Meridian Securities	Filipino	6,269,888	0.13%
Guoco Sec (Phils) Inc.	Filipino	5,961,532	0.12%
Guild Securities	Filipino	5,598,162	0.11%
E. Chua Chiaco Securities, Inc.	Filipino	5,538,016	0.11%
Citisecurities, Inc.	Filipino	5,408,078	0.11%
National Bookstore, Inc.	Filipino	5,393,450	0.11%
Wellington Chan	Filipino	5,185,801	0.11%
Madrigal,Maria Susana A.B	Filipino	4,600,000	0.09%
Warns, Vicente Gustav P.	Filipino	4,600,000	0.09%
Total		**4,683,086,546**	**95.13%**

Dividends

No dividend was declared by the Parent Company since its last declaration on October 24, 1995. There have been no unappropriated retained earnings distributed to stockholders since 1997. In 1996, the Board of Directors approved the appropriation of ₱250 Million of the Parent Company's retained earnings for the purchase of its own capital stock. In 2018, the Board of Directors approved the reclassification of ₱140.3 Million Appropriated Retained Earnings for Treasury Stock Acquisitions to Unappropriated Retained Earnings.

Recent Sales of Unregistered Securities

For the year 2020, the Parent Company had no sales of unregistered securities.

Part III
FINANCIAL INFORMATION

Item 6. <u>Management's Discussion and Analysis of Financial Condition or Results of Operation</u>

The year 2020 financial performance of Philippine Realty and Holdings Corporation (interchangeably referred to by its PSE trading symbol "**RLT**" or "**Parent Company**" or as the "**RLT Group**" or "**Group**") continued to reflect healthy and conservative liquidity and solvency position despite an 89% decrease in consolidated net income after tax compared to the same period last year.

Like most businesses, the RLT Group was negatively impacted by unexpected shocks and developments that affected the Philippine economy in 2020.

First was the Taal volcano eruption in January 2020 that adversely affected the very buoyant second home and vacation home market in its immediate environs.

Second was the noticeable and significant decline in tourism and tourism-related activities starting in February due to the COVID-19 pandemic.

And third, the crippling enhanced community quarantine ("ECQ") that needed to be implemented by the government in Luzon and other parts of the country starting mid-March to halt or minimize the spread of COVID-19.

COVID-19 halted and reversed the country's strong growth and development prospects. In 2020 the Philippine economy contracted by 9.5%, compared to the 6.0% GDP growth rate that the country experienced in 2019. This is the first time that real GDP growth fell into negative territory since 1998 which was caused by the combined effects of El Niño and the Asian Financial Crisis.

I. <u>Review of Consolidated Statement of Income for the Period Ending December 31, 2020 vs. December 31, 2019</u>

1. **<u>Consolidated net income after tax</u>**. Philippine Realty and Holdings Corporation posted net income after tax of **₱40 Million** for the 12 months ended December 31, 2020 compared to ₱485 Million net income after tax for the same period last year. The decrease in the Company's profitability is explained below.

   a. **<u>Income</u>**

      1) **<u>Sales of real estate</u>.** Sales of real estate decreased by ₱810 Million or by 75% for the 12 months ended December 31, 2020 compared to the sales of real estate for the same period in 2019. Sales of real estate pertains to units sold at Skyline and SkyVillas Towers located in Quezon City, and at Icon Plaza located in Bonifacio Global City.

      2) **<u>Rent</u>.** Rental income was steady in spite of COVID 19 pandemic, reflecting an increase of ₱18 Million or an increase of 36.37% compared to last year.

      3) **<u>Commission Income</u>.** This item was lower by 22% compared to 2019 due to

the pandemic.

4) **Other income.** Other income for the twelve months ended December 31, 2020 decreased by ₱386 Million or by 55% compared to the twelve months ended December 31, 2019. Other income consists largely of Gain on fair value changes in investment properties. Gain on fair value decreased by ₱260 Million or by 48% as the increase in the fair value of Investment properties, consisting of commercial, office and storage condominium units for lease as well as parking units for lease located in the PSEC (Tektite Towers) and at the Icon Plaza located in BGC, was not as large as the Gain on fair value recorded in 2019.

b. Costs and Expenses

1) **Cost of real estate sold**. In terms of percentage to Sales of real estate, Cost of real estate sold decrease to 48% in 2020, whereas it was at 52% of Sales of real estate for the same period in 2019.

2) **General and administrative expenses.** General and administrative expenses decreased by ₱216 Million or by 42%, accounted for by the ₱114 Million decrease in Commissions and Selling expenses; and a decrease by ₱140 Million in impairment losses.

c. Subsidiaries.

The contributions of the Parent Company's subsidiaries to revenues and net income are shown below.

1) **PRHC Property Managers, Inc. ("PPMI")**. The Parent Company's property management subsidiary registered a Net income of ₱9.2 Million for the twelve months ended December 31, 2020. It is higher by ₱2.5 Million compared to the Net income registered by PPMI for the same period last year.

2) **Tektite Insurance Brokers, Inc. ("TIBI")**. The Group's insurance brokerage firm posted a net loss of ₱0.8 Million for the for twelve months ended December 31, 2020 which is lower by ₱0.10 Million compared to the ₱0.7 Million net loss registered by TIBI for the same period last year.

II. Review of Consolidated Statement of Financial Position for the Period Ending December 31, 2020 vs. December 31, 2019

1. **Total assets**. The Company's Total assets stood at ₱6.10 Billion as of December 31, 2020, lower by ₱89 Million compared to the ₱6.19 Billion level of Total assets as of December 31, 2019.

   The Company's Real estate assets accounted for 61% of the Total assets of the Company as of December 31, 2020.

   Real estate inventories decreased by ₱358 Million from December 31, 2019 to December 31, 2020, or by 31%, due to the reclassification of the Parent Company's Baguio property to Investment property from Real estate inventories.

Investment properties increased by ₱689 Million or from ₱2.223 Billion in 2019 to ₱2.912 Billion in 2020 due to largely to: i) Reclassification from Real Estate Inventory of Baguio property to Investment property; and ii) recognition of gain on fair value adjustments on the Parent Company's Investment properties.

2. **Total liabilities.** Total liabilities decreased by ₱127 Million largely due to: i) loan payments by the Parent Company; and ii) trade payable payments to different suppliers and contractors by the Parent Company.

3. **Total Equity.** Total equity was recorded at ₱3.985 Billion as of December 31, 2020, higher by ₱38.0 Million compared to ₱3.935 Billion as of December 31, 2019.

   Total equity increased by ₱38 Million from December 31, 2019 to December 31, 2020, which increase corresponds to the RLT Group's Total comprehensive income for the year 2020.

III. Performance Indicators

The table below presents the comparative performance indicators of the Company and its subsidiaries.

Performance Indicators	31 December 2020 Audited	31 December 2019 Audited
Current ratio[1]	5.15:1	2.91:1
Debt-to-equity ratio[2]	0.54:1	0.57:1
Asset-to-equity ratio[3]	1.54:1	1.57:1
Book value per share[4]	₱0.85	₱0.84
Earnings per share[5]	₱0.01	₱0.10

[1] *Current assets / current liabilities*
[2] *Total debt / consolidated stockholders' equity*
[3] *Total assets / Total stockholders' equity*
[4] *Total stockholders' equity plus Subscriptions receivable / No. of shares outstanding*
[5] *Net income attributable to equity holders of Parent Company / Weighted average no. of common shares issued and outstanding*

The table above reflects the continuing improvement of the RLT Group in terms of liquidity, solvency and profitability.

1. **Current ratio. T**he Group's current ratio is extremely healthy showing an increase from 2.91:1 in December 2019 to 5.15:1 in December 2020.

2. **Debt-to-equity ratio.** Similarly, the RLT Group's Debt-to-equity ratio remained very conservative for the periods under review as the Company's financial leverage improved to 0.54:1 in 2020 from 0.57:1 in 2019.

3. **Asset-to-equity ratio.** The Asset-to-equity ratio of the Company also showed improvement at 1.57:1 in December 2020 from 1.54:1 as of December 2019.

   The steady performance of Debt-to-equity ratios and Asset-to-equity ratios of the RLT Group for the periods under review clearly demonstrate that the Parent

Company's real estate business is currently being financed primarily by funds provided by its shareholders and a small amount of debt.

4. **Book value per share.** The performance of the RLT Group's Book value per share has also been a very encouraging. It has been consistently improving from ₱0.84 per share as of end-December 2019 and to ₱0.85 per share as of 31 December 2020.

   There was no issuance, repurchase or payment/repayment of neither debt and equity securities nor dividends during the year 2020.

   As of this report, there is no other known event that will trigger direct or contingent financial obligation that is material to the Company. Moreover, there is no material off-balance sheet transaction, arrangement, obligation and other relationship of the Company with unconsolidated entities or other persons created during this period.

5. **Earnings per share**. Due largely to the effect of COVID pandemic, the RLT Group's Earnings per share decreased by 89% in 2020 from ₱0.10 per share to ₱0.01 per share.

IV. Financial Risk Management

The Company's activities expose it to a variety of financial risks. The Group's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Group. The policies for managing specific risks are summarized below:

1. **Foreign currency risk.** The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise with respect to transactions denominated in US Dollars. Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Group's functional currency. Significant fluctuation in the exchange rates could significantly affect the Group's financial position.

   Foreign exchange risk exposure of the Group is limited to its cash and cash equivalents. Currently, the Group has a policy not to incur liabilities in foreign currency. Construction and supply contracts, which may have import components, are normally denominated in Philippine peso.

2. **Credit risk.** Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

   The Group has adopted stringent procedures in evaluating and accepting risk by setting counterparty and transaction limits. In addition, the Group has policies in place to ensure that sales are made to customers with an appropriate and acceptable credit history.

   In respect of installments receivable from the sale of properties, credit risk is managed primarily through credit reviews and an analysis of receivables on a continuous basis. The Company also undertakes supplemental credit review procedures for certain installment payment structures. The Company's stringent customer requirements and policies in place contribute to lower customer default than its competitors. Customer payments are facilitated through various collection modes including the use of postdated checks. Exposure to bad debts is not significant as title to real estate properties are not transferred to the buyers until full payment has been made and the requirement for remedial procedures is minimal given the profile of buyers.

Credit risk arising from rental income from leasing properties is primarily managed through a tenant selection process. Prospective tenants are evaluated on the basis of payment track record and other credit information. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Company security deposits and advance rentals which help reduce the Company's credit risk exposure in case of defaults by the tenants. For existing tenants, the Company has put in place a monitoring and follow-up system. Receivables are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables. Regular meetings with tenants are also undertaken to provide opportunities for counseling and further assessment of paying capacity.

Other financial assets are comprised of cash and cash equivalents excluding cash on hand, financial assets at Fair Value through Profit and Loss ("FVPL"), financial assets at Fair Value through Other Comprehensive Income ("FVOCI") and advances to subsidiaries and associates. The Company adheres to fixed limits and guidelines in its dealings with counterparty banks and its investment in financial instruments. Bank investment limits are established on the basis of an internal rating system that principally covers the areas of liquidity, capital adequacy and financial stability. The rating system likewise makes use of available international credit ratings. Given the high credit standing of its accredited counterparty banks, management does not expect any of these financial institutions to fail in meeting their obligations. Nevertheless, the Company closely monitors developments over counterparty banks and adjusts its exposure accordingly while adhering to pre-set limits.

3. **Interest rate risk.** Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

   The primary source of the Group's interest rate risk relates to its cash and cash equivalents and loans payable.

   Cash and cash equivalents are short-term in nature and with the current interest rate level, any variation in the interest will not have a material impact on the profit or loss of the Group.

   Management is responsible for monitoring the prevailing market-based interest rate and ensures that the mark-up charged on its borrowings are optimal and benchmarked against the rates charged by other creditor banks.

4. **Price risk.** Price risk is the risk that the fair value of the financial investments particularly debt and equity instruments will fluctuate as a result of changes in

market prices (other than those arising from interest rate risk or foreign currency risk), whether caused by factors specific to an individual investment, its issuer or factors affecting all instruments traded in the market.

The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. The Group's Board of Directors reviews and approves all equity investment decisions.

5. **Liquidity Risk.** The Group maintains adequate highly liquid assets in the form of cash and cash equivalents to assure necessary liquidity. Free cash flows have been restricted primarily for the settlement of the Parent's Company's debt obligations.

   The Company manages liquidity risk by maintaining adequate reserves, establishing banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

6. **Risks Related to COVID-19.** Currently, many countries, including the Philippines, are suffering from the COVID-19 global pandemic. We consider this to be a key risk element as this has adversely affected our Company's business in 2020 with spillover effects to 2021. The RLT Group has keenly monitored the situation as COVID-19 has been identified as a genuine risk and game changer. With the continuing escalation of the COVID-19 pandemic, the RLT Group has activated its business continuity plan ("**BCP**") to mitigate the risk impact to operations and its personnel. The Group subscribes to, adheres to and follows national and local government directives and guidelines as well as the best practices being promoted by the Department of Health ("**DOH**"), the Inter-Agency Task Force for the Management of Emerging Infectious Diseases ("**IATF**"), Department of Trade and Industry ("**DTI**"), Department of Public Works and Highways ("**DPWH**"), Department of Labor and Employment ("**DOLE**"), local government units ("**LGUs**") where the Group operates in, etc.

   Experienced gained from this pandemic will be used to improve the Group's handling of similar emergencies moving forward.

Item 7. <u>2020 Consolidated Financial Statements of Philippine Realty and Holdings Corporation and its Subsidiaries</u>

Please refer to ANNEX B

Item 8. <u>Changes in and Disagreements with Accountants on Accounting and Financial Disclosures</u>

The auditing and accounting firm of Maceda Valencia & Co. is the Parent Company's and the RLT Group's Independent Certified Public Accountants appointed in the 2020 Annual Stockholders' Meeting. There was no event where Maceda Valencia & Co. and the Company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

Audit and Audit Related Fees

The professional fees of independent auditors Maceda Valencia & Co. for 2019 and 2020 amount to ₱1,050,000 and ₱980,000, exclusive of VAT, respectively. Out of pocket expenses are pegged at 15% for 2020 and for 2019.

Tax Fees

In 2020, the Parent Company engaged the services of Maceda Valencia & Co. and Bernardo Placido Chan Lasam Law Offices for tax consulting services.

PART IV
MANAGEMENT AND CERTAIN SECURITY HOLDERS

Item 9. <u>Directors and Executive Officers of the Registrant</u>

The write-ups below include positions held as of December 31, 2020 and in the past five years, and personal data as of December 31, 2020 of directors and executive officers.

Board of Directors

Gerardo O. Lanuza, Jr.	Chairman Emeritus
Antonio O. Olbes	Vice-Chairman Emeritus
Gerardo Domenico Antonio V. Lanuza	Chairman
Renato G. Nuñez	Vice-Chairman / Independent Director
Alfredo S. Del Rosario, Jr.	Member
Edmundo C. Medrano	Member
Gregory G. Yang	Member
Andrew C. Ng	Member
Amador C. Bacani	Member
Jomark O. Arollado	Independent Director
Alfonso Martin E. Eizmendi	Independent Director

<u>Gerardo Lanuza, Jr. / 74 – Spanish / Filipino</u>

Chairman Emeritus of the Board of Philippine Realty and Holdings Corporation, Meridian Assurance Corporation, Universal Travel Corporation and Chairman and President of Greenhills Properties Inc. He sits as a Director in the following corporations: Gerzon Management Corporation, Broadford Property Holdings Inc., Merdom Corporation, Al Husn Manila, Inc., Domera Trading Corporation, Chiamil Trading Corporation, Nicora Trading Corporation, Xcell Property Ventures Inc., Julnad Assets Holdings Inc., Mernic Assets Holdings Inc., La Bodequita del Medio Inc., Merlan Holdings Inc., Peridot Asset Holdings Inc., Penzance Properties Holdings Corporation, Ju-Lan Assets Holdings Co. Inc., and Stonehaven Realty Services Inc. He is the nominee of Campos Lanuza & Co. Inc. to the Philippine Stock Exchange. He also serves as Treasurer of Lanuza Asset Holding Co. He was formerly Chairman of International Exchange Bank ("IBank"), Vice Chairman of Philippine Racing Club Inc., Vice President and Director of Makati Stock Exchange, Inc. and Director of Vulcan Industrial & Mining Corporation, Golden Arrow Mining Co., Inc., Apex Mining Co. Inc., Concrete Aggregates Corp., Philippine Overseas Drilling and Oil Development Corp., Surigao Consolidated Mining Co., Inc. and A Brown Company, Inc. He is a member of the Pasay-Makati Realtors Board, Inc. and Chamber of Real Estate and Builders Association, Inc. He graduated from De La Salle College with a degree in Bachelor of Science in Mechanical Engineering in 1969.

<u>Antonio O. Olbes / 74 - Filipino</u>

Vice-Chairman Emeritus of the Philippine Realty and Holdings Corporation and Director since 1968. He had previously served as Chairman and President of Meridian Assurance Corp. from 1994-2008, and President of Raco Trading Phils., Inc. He was formerly a manager at Sycip, Gorres, Velayo & Co., and was Executive Vice President, in charge of trading, at Francisco de Asia and Co. He held a number of directorships, which includes seats in the following groups: PRHC Property Managers, Inc., Greenhills Properties Inc. (Treasurer), Universal Travel

Corporation (Vice-Chairman), ICON Tower Residences, Green Vista Development Corporation, SEBLO Business Holdings Corporation, and Xcell Properties. He has also been named Honorary Consul General (in the Philippines) for the Republic of Nicaragua. He earned his Bachelor of Arts degree in Economics at Holy Cross College, Massachusetts, USA, and his master's degree in Business Administration from Bobson College, Massachusetts, USA. He completed his Advanced Management Programme at Oxford University, United Kingdom, in July 1995.

<u>Gerardo Domenico Antonio V. Lanuza / 37 – Filipino</u>

Chairman of the Board of Philippine Realty and Holdings Corporation. He was Executive Vice President and Chief Operating Officer of Philippine Realty and Holdings Corporation from 2014 to 2019 and was Vice President for Special Projects in 2010. He is a director at various companies such as Greenhills Properties Inc., British United Automotive Corp., A Brown Co. Inc., Klassik Motors Corp., and Campos, Lanuza & Co. Inc., where he also serves as the Vice President for Sales. He earned his Bachelor of Science degree in Legal Management at the De La Salle University, Manila in 2006.

<u>Renato G. Nuñez / 51 (Independent Director) - Filipino</u>

Vice-Chairman and Independent Director of Philippine Realty and Holdings Corporation since 2015. He is currently the President of CATS Motors, Inc., Techglobal Data Center, Inc., Techzone Philippines, Inc., LIA Philfoods, Inc., and Everland Estate Development Corp. Moreover, he is also a current Director of All British Cars, Inc., Cambie Property, Inc. Coventry Motors Corp., and Total Consolidated Asset Management, Inc. Previously, he served as Vice President of Leisure & Resorts World Corp., as well as Midas Hotel & Casino. He was once the Managing Director of Blue Chip Gaming & Leisure Corp., Vice President and Director of AB Leisure Global, Inc., President of Arwen Gaming & Leisure Specialist, Inc., Vice President for Finance of Binondo Leisure and Resort Corp., and Vice President of AB Leisure Exponent., Inc. He completed his BS Industrial Management Engineering degree Minor in Mechanical Engineering at De La Salle University in 1991.

<u>Alfredo S. Del Rosario / 65 – Filipino</u>

President and Chief Executive Officer of Philippine Realty and Holdings Corporation since August 1, 2016. Currently, Mr. Del Rosario is Chairman of Recon-X Energy Corporation and is also a member of Board of Directors of PRHC Property Management, Inc., Universal Travel, Inc., Sultan Power, Inc., Rizal MicroBank, and Camera Club of the Philippines Center, Inc. Prior to joining RLT, he worked for Rizal Commercial Banking Corporation ("RCBC") as Executive Vice President, heading several groups of the bank, including Commercial Banking, Overseas Filipino Banking, and Asset Management and Remedial. Before joining RCBC, he also headed the Trust and Investment Division and Information Technology Division of AB Capital and Investment Corporation as a Senior Vice President. He also held various positions in AsianBank, Bank of America NT & SA Manila, Philippine Airlines, and Ayala Investments & Development Corporation. He graduated from Ateneo de Manila University with a Bachelor of Science degree in Management in 1976. He has taken up units towards an MBA degree at the Ateneo Graduate School and subjects leading to a Juris Doctor degree at the Ateneo Law School.

Edmundo C. Medrano / 67 – Filipino

Executive Vice President and Chief Operating Officer, Chief Financial Officer and Treasurer of Philippine Realty and Holdings Corporation. He was elected in 2018 as an Independent Director of Credit Information Corporation representing the private sector and Chairman of its Audit Committee. He is currently a member of the Board of Directors of Casa Miguel Condominium Corporation, Universal Travel Corporation, Andrea North Condominium Corporation and Recon-X Energy Corporation. He previously held the positions of Executive Vice President at Philtrust Bank; Vice Chairman, President and Chief Operating Officer at Producers Savings Bank Corporation; Senior Vice President at Asiatrust Development Bank; Senior Vice President at AB Capital and Investment Corporation and Head of Investment Banking and concurrently General Manager of AB Leasing and Finance Corporation; and First Vice President at AsianBank Corporation. He took his Masters of Business Management at the Asian Institute of Management from 1974 to 1976. He graduated from De La Salle College with a Degree of Bachelor of Science in Commerce major in Accounting in 1974, ***Cum Laude***, and Bachelor of Arts major in Economics in 1974, ***Cum Laude***.

Gregory G. Yang / 64 – Filipino

Formerly Senior Vice President and General Manager of the operating company, McGeorge Food Industries (local licensee of McDonald's). He opened the first McDonald's in 1981, having trained in Hong Kong and USA for one year and earning a degree in hamburgerology from McDonald's Hamburger University. His previous work experience includes serving as Assistant Manager of the International Corporate Bank, from 1978 to 1980, and Account Officer at the Makati Leasing and Financing Corporation from 1976 to 1978. He graduated from University of the Philippines in 1976 with a BS Business Administration degree.

Andrew C. Ng / 37 – Filipino

Vice President of Alpha Alleanza Manufacturing, Inc. Philippines since 2009. He was formerly the Assistant Operations Manager Trainee of Pinncale Foods, Inc., Philippines, serving from 2005 to 2009, and was a Management Trainee at Procter & Gamble Philippines in 2004. He earned his Bachelor of Science degree in Industrial Engineering at De La Salle University, Manila in 2005.

Amador C. Bacani / 72 – Filipino

Formerly the President of Philippine Realty and Holdings Corporation from 2002 to 2014. He also worked in the same Company as Executive Vice President from 1995 to 2002. He is currently the President of Xcell Property Ventures, Inc. (a joint venture partner of the Company). Previously, he was First Vice President and Head of Consumer Banking Group of Rizal Commercial Banking Corporation and served as First Vice President & Head of Branches Operations Support Division as well. He held several other high-level positions in Campos, Lanuza & Co. Inc., Decision Systems Corporation, Security Bank and Trust Company, Allied Banking Corporation, Asian Merchant Finance Inc., Bank of the Philippine Islands, Citibank, N.A. (Manila), and Procter & Gamble Phils., Inc. He graduated with a Bachelor of Science degree in Mechanical Engineering, ***Summa Cum Laude***, from De La Salle College in 1969, and earned his Master of Science in Industrial Administration degree at the Carnegie-Mellon, USA, in 1972.

<u>Jomark O. Arollado / 37 (Independent Director) – Filipino</u>

Served as Plant Manager and Strategic Business Unit ("SBU") Head of Rapid Forming Corporation since 2013. Previously, he was also a Plant Manager of Silangan Philtrade Corporation, serving from 2011 to 2012. His first professional stint at Rapid Forming Corporation was in 2006 as the SBU head. Prior, he has worked as the ISO Document Controller at SGV & Co. in 2004. He graduated with a Bachelor of Science degree in Industrial Engineering at Dela Salle University Manila in 2005.

<u>Alfonso Martin E. Eizmendi / 56 (Independent Director) - Filipino</u>

President and CEO of Royal Link Industries Inc., Yields Financial Corporation, Park Cent Tower Realty Corp., and WGP Villa Realty Corp. Aside from Philippine Realty and Holdings Corp., he is also a Director of Meridian Assurance Corp. Secret 6 Inc., CleanPro, Director and President of The Icon Plaza Condominium Corp., Frimar Realty and Frimar USA. He was formerly the Vice-Chairman of Vi@je Corp. from 2000 to 2001, and Chairman of Blue Star Insurance Brokerage from 1998 to 2001. He graduated from De La Salle University in 1986 with bachelor's degree in Political Science.

Key Executive Officers

Alfredo S. Del Rosario Jr.*	President and Chief Executive Officer
Edmundo C. Medrano*	Executive Vice President and Chief Operating Officer and Treasurer
Erwin V. Ciar	Vice President and Head, Project Construction and Management
Adeline Susan C. Carag	Vice President and Head, Property Management Services
Carlos Miguel T. Paca	Vice President and Head, Business Development and Investment Relations Officer
Richard Nicolas K. Go	Vice President and Head, Sales
Marissa S. Bontogon	Vice President and Controller and Compliance Officer
Rex P. Bonifacio	Corporate Secretary
Mark Anthony M. Ramos	Assistant Vice President for Accounting, Compliance Officer and Data Protection Officer

***** Members of the Board

<u>Erwin V. Ciar / 46 – Filipino</u>

Vice President and Head, Project Construction and Management of Philippine Realty and Holdings Corporation since September 2014. Concurrently, he is also Member of Board of Directors and Treasurer of PRHC Property Managers Inc. Mr. Ciar has extensive work experience for twenty-three years in the fields of project and construction management, construction supervision and contract management. He was the Vice Director PCMD for Bitexco Group of Companies from 2008 to 2014. He graduated at Pamantasan ng Lungsod ng Maynila in 1996 with a Bachelor of Science in Civil Engineering.

<u>Adeline Susan C. Carag / 63 – Filipino</u>

Ms. Carag is currently Vice President and Head, Property Management Services of Philippine Realty and Holdings Corporation. She is also currently the President of PRHC Property

Managers Inc. She graduated from Eulogio "Amang" Rodriguez Institute of Science and Technology ("EARIST") in 1978 with a degree of Bachelor of Science in Chemical Engineering and Bachelor of Science in Industrial Education.

Carlos Miguel T. Paca / 45 – Filipino

Mr. Paca concurrently holds the positions of Vice President Head, Business Development and Investor Relations Officer of Philippine Realty and Holdings Corporation. He also holds the position as Member of the Board of Directors of Philippine Stock Exchange Centre Condominium Corporation, Hola Comerciantes, Inc., and Meridian Assurance Corp. He graduated at De La Salle University with a degree of Bachelor of Science, Industrial Engineering with Minor in Mechanical Engineering in 1995.

Richard Nicolas K. Go / 38 – Filipino

Mr. Go is currently the Vice President and Head of Sales of Philippine Realty and Holdings Corporation. He previously worked as Sales Manager at Arthaland Corporation. He graduated from De La Salle University College of Saint Benilde in 2004 with a degree in Hotel, Restaurant and Institution Management.

Marissa S. Bontogon / 48 – Filipino

Vice President and Controller and Risk Officer of Philippine Realty and Holdings Corporation. She is a Certified Public Accountant and Certified Financial Consultant. She received her Bachelor of Science degree in Accountancy from De La Salle University in 1992.

Atty. Rex P. Bonifacio / 48 – Filipino

Atty. Bonifacio is the current Corporate Secretary of Philippine Realty and Holdings Corporation. Concurrently, he is also the Corporate Secretary of Philippine Stock Exchange Centre Condominium Corporation and a Partner at Pastelero Law Office. He finished his Pre law at San Sebastian College Recoletos Manila in 1992 with a degree of AB Political Science, ***Cum Laude***. In 1996, he completed his Bachelor of Laws degree in San Sebastian College of Law.

Mark Anthony M. Ramos / 38 – Filipino

Mr. Ramos concurrently holds the positions of Assistant Vice President for Accounting, Compliance Officer and Data Protection Officer. He is a Certified Public Accountant and Certified Internal Auditor. He earned his Master's in Business Administration from Ateneo Graduate School of Business. He graduated from Philippine School of Business Administration with a Degree of Bachelor of Science in Accountancy in 2003, ***Cum Laude.***

Significant Employees

Any director or officer who may be elected is expected to make significant contributions to the operations and business of the Corporation. Likewise, each employee is expected to do his share in achieving the Company's set goals.

Family Relationships

Mr. Gerardo Lanuza, Jr., Chairman Emeritus of the Board, is the first cousin of Mr. Antonio O. Olbes, and father of Chairman of the Board, Mr. Gerardo Domenico Antonio V. Lanuza. Mr. Gregory Yang is the father-in-law of Mr. Gerardo Domenico Antonio V. Lanuza.

Involvement in Certain Legal Proceedings (over the past five years)

None of the Directors or Executive Officers is involved in any material pending legal proceedings in any court or administrative agency of the government.

Item 10. Executive Compensation

	Year	Salary	Bonus	Per Diem	Other Annual Compensation	Total
CEO and 5 most highly compensated executive officers - Edmundo C. Medrano (EVP, COO, Treasurer), Carlos T. Paca (VP Business Development); Erwin V. Ciar (VP Project and Construction Mgt); Marissa S. Bontogon (VP Controller); Adeline Susan C. Carag (VP Property Mgt)	2019 -Actual 2020 -Actual 2021-Projected	23.62M 25.98M 25.98M	7.78M 10.41M 10.41M	0.14M 0.14M 0.14M	None None None	31.55M 36.53M 36.53M
All officers as a group – Other officers include Richard Nicolas K. Go (VP Sales)	2019 -Actual 2020 -Actual 2021-Projected	1.52M 1.74M 1.74M	0.21M 0.24M 0.24M	None None None	None None None	₱1.73M 1.95M 1.95M

The Executive Officers are elected annually by the Board of Directors, at its first meeting following the annual stockholders' meeting. Every officer, including the President, is subject to removal at any time by the Board of Directors. All officers hold office for one year and until their successors shall have been duly elected and qualified; *Provided* that any officer elected to fill any vacancy shall hold office only for the unexpired term of the office filled.

The compensation of the Company's executive officers is fixed by the Board of Directors. They are covered by contract of employment and as such they are entitled to all the benefits accruing to salaried employees of the Company.

Compensation of Directors

Directors are entitled to a per diem of ₱6,000 and ₱4,000 allowance for meals and transportation for board meetings attended except for Independent Directors who receive per diem of ₱20,000.00. In addition, the Board of Directors is entitled to a portion of the 5% of Net Income before Tax as profit-sharing incentive for directors, officers and staff.

The directors of the Registrant received per diem in the amount of ₱1,344,000, ₱1,144,000, ₱1,122,520 for 2020, 2019, and 2018, respectively.

Item 11. **<u>Security Ownership of Certain Beneficial Owners and Management</u>**

a. The following persons are known to the Company to be directly or indirectly the record or beneficial owner of more than 5% of the Company's voting security as at December 31, 2020

Title	Name and Address of Record / Beneficial Owner	Record / Beneficial Ownership	Citizenship	Number of Shares Owned	% Owned
Common	PCD Nominee Corp. MSE Bldg., Ayala Avenue, Makati	"R"	Filipino / Non-Filipino	2,387,326,917 shares	48.50%
Common	Greenhills Properties, Inc. E-2003B, PSE Centre Exchange Road, Pasig City	"B"	Filipino	1,755,779,066 shares	35.67%
Common	Campos, Lanuza & Co., Inc E-2003B, PSE Centre Exchange Road, Pasig City	"R" / "B"	Filipino / American / Spanish / Others	275,196,201 shares	5.59%

Note: Greenhills Properties, Inc. is represented by its President, Gerardo O. Lanuza, Jr. and Treasurer, Antonio O. Olbes.

Campos, Lanuza & Co., Inc. is represented by its President, Corazon V. Lanuza and Vice President, Antonio U. Reyes-Cuerva.

PCD Nominee holds 48.50% interest. PCD Nominee is the registered owner of shares beneficially owned by participants in the PCD. Campos, Lanuza & Co. Inc., is a participant of PCD owning 5.59% of the Parent Company's voting securities.

b. Shares held by Directors and Executive Officers as reported by Transfer Agent as of 31st December 2020

Title of Class	Name of Beneficial Owner	Amount and Nature of Class		Citizenship	% Owned
		Direct	Indirect		
Common	Gerardo O. Lanuza, Jr.	2,174,024	204,911,203	Spanish/Filipino	4.21
Common	Antonio O. Olbes	506,388		Filipino	0.01
Common	Gerardo Domenico Antonio V. Lanuza	226,786,043	65,083,203	Filipino	5.93
Common	Alfredo S. Del Rosario Jr.	20,261,000	-	Filipino	0.41
Common	Edmundo C. Medrano	6,000,000	-	Filipino	0.12
Common	Gregory G. Yang	1,831,000	-	Filipino	0.03
Common	Andrew C. Ng	84,000	-	Filipino	0.00
Common	Amador C. Bacani	229,980	-	Filipino	0.00
Common	Renato G. Nuñez	10,000	-	Filipino	0.00
Common	Jomark O. Arollado	10,000	-	Filipino	0.00
Common	Alfonso Martin E. Eizmendi	10,000	-	Filipino	0.00
	Total	**257,902,435**	**269,994,406**		

c. Voting Trust Holders of 5% or more

RLT does not know any person/s holding more than 5% of RLT common shares under a voting trust or similar arrangement.

d. Change in Control

At present, there is neither change in control nor is the Parent Company aware of any arrangement that may result in a change in control of the Parent Company since the beginning of the last fiscal year.

Item 12. <u>Certain Relationships and Related Transaction</u>

<u>Related Party Transactions</u>

The Parent Company and its subsidiaries, in their regular conduct of business, have entered into transactions with associates and other related parties principally consisting of advances and reimbursement of expenses. These are transactions with subsidiaries, management, leasing and administrative service agreements. Purchase of services to and from related parties are made on an arm's length basis and at current market prices at the time of the transactions.

The RLT Group's related party transactions were made in an arm's length basis. There was no special pricing policy between related parties. Further disclosures were made in the Notes to Financial Statements in Note No. 18. The Parent Company engages the services of its subsidiary, PPMI, in managing company-owned properties. PPMI, on the other hand, purchased a condominium unit back in 1996 from the Parent Company, which is fully paid as of this date. The Parent Company also secures insurance through subsidiary, TIBI. The Parent Company is given 90-day period within which to settle the premiums, the same period granted to other customers. Also, the Parent Company extends financial assistance to its subsidiary, PPMI for working capital purposes from time to time.

In the transaction involving the exchange of prime real properties of GPI for shares in RLT, two (2) independent property appraisal companies accredited with both the SEC and the PSE were used (and not just one property appraisal company) to determine the fair market values of the properties to be exchanged. Also, the valuation of the RLT common shares was based on the historical 120-day arithmetic average (and not just based on a couple of days) of the Volume Weighted Average Price ("VWAP") of RLT obtained on a daily basis. Daily volume weighted average prices were used, and 120 days data set was used, to smoothen the peaks and valleys in the said data set.

R. G. Manabat & Co. was also engaged to render a Valuation and Fairness Opinion Report. The result of the Valuation and Fairness Opinion Report prepared for RLT by R. G. Manabat & Co. determined that the transaction price (and the transaction value) for the issuance of new shares from an increase in the authorized capital stock in favor of GPI in exchange for properties that the GPI will infuse into RLT, is fair.

The Company has not entered into any material transaction nor is it a party to any transaction in which any director, executive officer or significant shareholder of the Company or any member of the immediate family of any of the persons mentioned in the foregoing had or is to have a direct or indirect material interest.

Suppliers

The Company has broad base of suppliers, both local and foreign. The Company is not dependent on one or a limited number of suppliers.

Customers

The Company sells its condominium units to individual personal and corporate buyers.

Government Regulations

Condominium development is governed primarily by P.D. 957 as amended (Regulating the Sales of Subdivision Lots and Condominiums), R.A. No. 4726 (Condominium Act) and R.A. No. 7160 (Local Government Code). Projects are subject to zoning laws of the city or municipality where they are located. Developers are also required to obtain a development permit from the Housing and Land Use Regulatory Board which is also in charge of issuing License to Sell and Certificate of Registration. An Environmental Clearance Certificate must also be secured from the Department of Environment and Natural Resources. The Company has complied with all governmental requirements and there is no pending application with any government agency that requires approval.

Compliance with Corporate Governance (deleted pursuant to SEC Memorandum Circular No. 5 Series of 2013)

PART V
EXHIBITS AND SCHEDULES

Item 13. <u>Exhibits and Reports on SEC Form 11- C</u>

1. Exhibits/Annex

A. 2020 Sustainability report
B. 2020 Consolidated Financial Statements of Philippine Realty and Holdings Corporation and its Subsidiaries
C. Subsidiaries of the Registrant

2. Reports on SEC Form 17-C

1.	February 20, 2020	Annual Stockholders' Meeting set on June 26, 2020. Record date March 31, 2020
2.	July 23, 2020	Cancellation of sale of MAC shares.
3.	July 23, 2020	Cancellation of the Exchange of Property-for-Shares Transaction with MAC
4.	July 23, 2020	Amendments to By-Laws.
5.	August 25, 2020	Result of Annual Stockholders Meeting and new set of Directors for ensuing year.
6.	August 25, 2020	Appointment of Ms. Marissa Bontogon as Risk Officer and Mr. Mark Anthony M. Ramos as Assistant Vice President for Accounting, Compliance Officer and Data Protection Officer.
7.	August 25, 2020	New set of Officers and Committees for ensuing year.
8.	September 17, 2020	Approval of the Board of Directors on the adoption of "Charter of the Board of Directors".
9.	October 23, 2020	Certificate of attendance of key officers and Board of Directors on Corporate Governance Seminar.
10	October 23, 2020	Submission of the signed copy of "Charter of the Board of Directors"

SIGNATURES

Pursuant to Section 17 of the SRC and Section 141 of the Corporation Code the Registrant has duly caused this report to be signed in behalf of the undersigned, thereunto duly authorized in Quezon City on ____________________, 2021.

PHILIPPINE REALTY AND HOLDINGS CORPORATION
Registrant

Pursuant to the requirements of the SRC, this annual report has been signed by the following persons in the capacities indicated.

ALFREDO S. DEL ROSARIO JR.
President and Chief Executive Officer

EDMUNDO C. MEDRANO
Executive Vice President and Chief Operating Officer and Treasurer

MARK ANTHONY M. RAMOS
Assistant Vice President for Accounting, Compliance Officer and Data Protection Officer

REX P. BONIFACIO
Corporate Secretary

03 MAY 2021

SUBSCRIBED AND SWORN to before me this ______ day of _____________, 2021, affiants exhibiting to me their government-issued identification cards, as follows:

Names	ID Number	Date of Issue	Place of Issue
Alfredo S. Del Rosario Jr.	TIN: 108-160-980		
Edmundo C. Medrano	TIN: 134-515-229		
Mark Anthony M. Ramos	TIN: 232-385-404		
Rex P. Bonifacio	TIN: 236-070-936		

ATTY. RUBEN M. AZAÑES, JR.
NOTARY PUBLIC
UNTIL DECEMBER 31, 2021
PTR NO. 0694960,QUEZON CITY
IBP NO. 132791-Quezon City CHAPTER
Roll of Attorney's No.46427
Admin Matter No.004
MCLE-VI-0030360-2-19-2020
TIN:140-394-386-000
UNIT 2 UGF-2 Opulent Bldg.,EDSA,Q.C.

Doc. No. 431;
Page No. 88;
Book No. XLIV;
Series of 2021

Annex A: 2020 Sustainability Report

Contextual Information

Company Details	
Name of Organization	Philippine Realty and Holdings Corporation ("RLT" or the "Company")
Location of Headquarters	One Balete Building, 1 Balete Drive corner N. Domingo Street, Barangay Kaunlaran, District 4, Quezon City 1111
Location of Operations	▪ New Manila, Quezon City ▪ Ortigas Center, Pasig City ▪ Bonifacio Global City, Taguig City
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	▪ PRHC Property Managers, Inc. ("PPMI") ▪ Tektite Insurance Brokers Inc. ("TIBI") ▪ Sultan's Power Inc. ("SPI") ▪ Universal Travel Corporation ("UTC")
Business Model, including Primary Activities, Brands, Products, and Services	To act as a holding company and to invest in, acquire, develop, utilize and dispose of real properties and all kinds of personal property. Specifically, RLT is engaged in: ▪ Investments in businesses ▪ Real estate acquisition and development of premium residential and commercial condominium units for sale or for lease
Reporting Period	1 January 2020 to 31 December 2020
Highest Ranking Person responsible for this report	Edmundo C. Medrano Executive Vice President and Chief Operating Officer and Treasurer

**If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.[1]
Philippine Realty and Holdings Corporation ("**RLT**" or the "**Company**") is a premium property development company in the Philippines delivering superior shareholder value. The topics of material importance deal with enhancing equitable and fair return to shareholders, delivering excellent customer value by way of sustainable and energy-efficient development, giving just and equitable compensation to employees. RLT values enduring relationship with its stakeholders and commits to assist underprivileged sectors of society in improving the quality of their lives. With this mission in mind and for purposes of sustainability report, the management team has carefully identified relevant topics and have been evaluated using the global standards/frameworks on materiality assessment which take into consideration the following:

[1] See GRI 102-46 (2016) for more guidance.

- Influence on stakeholder assessments and decisions; and
- Significance of economic, environmental and social impacts

These sustainability issues have been analyzed using the materiality matrix in the guidelines (for sustainability reporting) provided by SEC in its Memo No. 4 Series of 2019.

The

material topics selected (*see table above*) were arranged from low, medium and high as assessed by the Company's management team. RLT believes that these issues are most likely to affect our business with respect to economic, environmental, social and governance matters.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	**382,646,875**	₱
Direct economic value distributed:		
a. Operating costs	**244,942,085**	₱
b. Employee wages and benefits	**116,422,989**	₱
c. Payments to suppliers, other operating costs	**147,451,634**	₱
d. Dividends given to stockholders and interest payments to loan providers	**34,862,853**	₱
e. Taxes given to government	**132,041,791**	₱
f. Investments to community (e.g. donations, CSR)	**100,000**	₱

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
RLT is a property development which is engaged primarily in development of real estate properties, sale of premium residential units and commercial condominium units and leasing. It is also invested in enterprises engaged in property management, insurance brokerage and conversion of plastic wastes into fuel (diesel). RLT's activities impacts the following: ▪ Direct and indirect employment of people ▪ Support of SMEs among its suppliers and service providers ▪ Advance payment of income and other taxes in its operations as required by existing regulations	▪ Employees ▪ Contractors ▪ Suppliers ▪ Service Providers ▪ Customers ▪ Stockholders ▪ Creditors ▪ Government ▪ General Public ▪ Communities	RLT has for its objective to continue to provide premium / high-end residential condominium units and commercial units. Its residential condominium units are ideal as home replacement alternatives. RLT makes every effort to ensure that its customers are satisfied in the units that they purchase or lease in terms of quality and property management. The Company also recognizes the risks associated in its activities such as industry competitors, economic trends, events, etc., which may affect the ability of the Company to sustain revenues. Thus, RLT ensures that it is also able to also expand its portfolio of properties for lease to eventually achieve a balance between

▪ Long-term objective of making use of plastics for conversion to fuel		revenues contributed by sales and revenues contributed by leases. RLT aims to be ahead of the industry in terms of product design, which involves research and development and is managed by a team of seasoned professionals that adheres to the principles of best practices and/or business ethics.
What is the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Risk of calamities such as major typhoon, earthquake, fire, global and local health crisis such as pandemics, etc., that may cause disruption of business operations, damages to building structures, accidents or illness to significant number of its employees, residents and tenants in its projects.	▪ Employees, ▪ Customers, ▪ Suppliers, ▪ Contractors	To mitigate the possible impact of the risk, RLT put in place programs/policies such as: ▪ Continuity of business and disaster recovery plan ▪ Cloud based Computerized Accounting System ("**CAS**") ▪ Set-up work from home video conferencing protocols to be able to continue to function remotely ▪ Set up pertinent policies and employee trainings/seminars on handling emergency situations ▪ Emergency first-aid facilities and a full-time Company nurse ▪ In place building and equipment maintenance program ▪ Property all-risk insurance
Reputational risk that may result in negative publicity, public perception	▪ Stockholders ▪ Management ▪ Employees ▪ Suppliers ▪ Contractors ▪ Customers	To mitigate and minimize possible impact of reputational risk, RLT ensures that: ▪ The BOD maintains effective oversight over the operations of the Company ▪ The BOD and Management maintains high ethical conduct in line with set corporate values ▪ Employees are required to maintain high level of professionalism in dealing with other stakeholders (i.e.

		customers and suppliers/contractors) ▪ Customer feedback and complaints are seriously taken as feedback mechanism to improve the Company's business. ▪ Reputable suppliers/contractors are being engaged as "partners" in the development of its projects. ▪ The marketing and sales teams of RLT spearhead drive to promote community programs. ▪ Data privacy (as required by law) is in place and observed by RLT employees.
Uncontrollable events that may have an adverse impact on RLT's operations and revenue generating capability, such as the COVID-19 pandemic.	▪ Stockholders ▪ Management ▪ Employees ▪ Suppliers ▪ Contractors ▪ Customers	▪ RLT set in motion and activated its continuity of business plan ▪ Prioritized the health of its employees and the residents in its projects ▪ The Company retained all its employees
What is the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The opportunities identified are: ▪ Prioritize development in areas and markets where there is need for RLT's products ▪ Repackage commercial areas for lease to cater to companies looking for alternative office sites and/or offsite disaster recovery sites in the event of city-wide lockdowns.	▪ Customers (existing and potential) ▪ Suppliers ▪ Contractors	▪ RLT's management approach is consultative. ▪ It is very customer-centric. ▪ Because it has a lean organization, it is a very nimble organization and is able to generate consensus very quickly.

Climate-related risks and opportunities[2]

Governance Disclose the organization's governance around climate-related risks and opportunities	
a.) Describe the board's oversight of climate-related risks and opportunities	RLT's Board Risk Oversight Committee shall be responsible for the development and oversight of the risk management program. It shall be composed of at least three (3) members of the BOD including one (1) independent director, and a chairperson who is a non-executive member. RLT's Board Risk Oversight Committee Charter (BROC) are disclosed in its website: http://www.philrealty.com.ph/wp-content/uploads/2019/01/Board-Committee-Charters.pdf RLT's BROC duties and responsibilities are disclosed in the latest Manual on Corporate Governance: http://www.philrealty.com.ph/wp-content/uploads/2019/06/Manual-on-Corporate-Governance-Amended-compressed.pdf The Board has mandated that subject to cost-reward considerations, future projects should be energy-efficient and preferably certified as "green-certified" buildings especially for commercial buildings
b.) Describe management's role in assessing and managing climate-related risks and opportunities	RLT's management team conducts regular discussions/meetings which include monitoring of compliance with government regulations such as in the case of sewage treatment facilities for its buildings that are mostly managed by RLT's subsidiary. RLT's management is also very conscious of the Board's preference for "green" buildings in the projects that are being planned for construction, development and sale (or lease).

[2] Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

Strategy Disclose the actual and potential impacts[3] of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	
a.) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term	For the Company's new projects, earthquake, wind, ventilation and glass curtain consultants are engaged to improve the safety and comfort of future occupants. Climate risks such as very strong typhoons, flooding, earthquakes, wind tunnels, extreme heat, etc. that may cause property damage and damage to the building occupants, are being studied seriously.
b.) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning	▪ Mitigation of climate-related risks must be built-in into the architectural and engineering and construction planning. ▪ A well-designed and building structure enhances marketability of the units for sale. ▪ A "green-certified" building enhances attractiveness for lenders and investors alike to provide financing
c.) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario	These are built into the project planning. Being a developer of high-end to luxury condominium units, top caliber foreign and local architects and foreign MEPF consultants are engaged to ensure the safety, luxury and environmentally-efficient designs, construction and materials are used.

Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks	
a.) Describe the organization's processes for identifying and assessing climate-related risks	RLT's management and those charged with governance (BOD) has an Enterprise Risk Management plan which contains (1) well-defined risk management goals, objectives and goals, (2) designing and implementing risk management strategies, and (3) continuing assessments to improve risk strategies, processes and measures.
b.) Describe the organization's processes for managing climate-related risks	RLT's identified risks are reviewed at least annually, for risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur **(climate-related risks)** that are considered that may have major impacts on the Company.
c.) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	Identification, assessments, and management of risks (including **climate-related**) are integrated in the Company's Enterprise Risk Management plan. The Risk Officer, assisted by the Compliance Officer, reviews and assesses compliance and effectiveness of the ERM system and submits an assessment to the Audit Committee and the Board Risk Oversight Committee.

[3] For this disclosure, impact refers to the impact of climate-related issues on the Company.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	25% (75% of budget are for foreign supplied materials but purchased from domestic outlets)	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The impact is in the Company's major consultants, contractors, suppliers of labor and materials and equipment and providers of services and materials sourced from locally based companies but are carrying imported equipment and materials.	▪ Consultants ▪ Contractors ▪ Suppliers of labor and materials and equipment	▪ RLT follows strict prequalification and bidding procedures in dealing with its architects, consultants, suppliers and contractors. ▪ RLT has established terms of references and database of reputable architects, consultants, suppliers and contractors that can perform the necessary services with high standards and ensure that materials sourced are of first-class quality.
What are the Risks Identified?	**Which stakeholders are affected?**	**Management Approach**
Poor project management of suppliers/contractors in terms of delayed delivery of services and/or materials that would result in increases in project costs and/or delayed project completion	Customers	To address this risk, RLT decided to monitor projects using its in-house project management and monitoring team to ensure quality management.
What are the Opportunities Identified?	**Which stakeholders are affected?**	**Management Approach**
Performance is assured in contract management and penalties are imposed for non-performance or delayed performance	▪ Architects ▪ Consultants ▪ Contractors ▪ Suppliers	▪ Most of the architects, consultants, suppliers and contractors of RLT are well known to the Company as partners from past projects.

		▪ In spite of this, prudent contract management is being observed to protect the interests of the Company

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	50	%
Percentage of employees that have received anti-corruption training	7	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The impact occurs at the primary business operations level in terms of obtaining permits, licenses, payments of taxes, property registrations, etc.	▪ Employees ▪ Customers	▪ RLT has established code of conduct and behavior which include provisions on anti-corruption guidelines. ▪ The BOD and Management ensures that all RLT personnel perform their duties in accordance with best practices and with integrity. ▪ A policy on conflict of interest and related party transactions have been formulated and approved by the Board.
What are the Risks Identified?	**Which stakeholders are affected?**	**Management Approach**
Delays in obtaining requisite documents, licenses, clearances, approvals, permits, tax clearances, registration	▪ Stockholders ▪ Management ▪ Employees ▪ Customers ▪ Suppliers ▪ Contractors	▪ RLT ensures that its documentation is always complete ▪ Employees are required to observe business ethics with its dealings with government agencies, customers and suppliers/contractors. ▪ A feedback mechanism is in place so that our employees will abide with

		best practices in the performance of their duties. ▪ Employees are made aware that the Company will have zero tolerance with regards to corruption activities.
What are the Opportunities Identified?	**Which stakeholders are affected?**	**Management Approach**
Provide seminars, trainings and workshop to strengthen awareness among employees relative to anti-corruption programs	Employees	▪ RLT has a policy on the development of its employees which include strengthening professional standard of conduct and behavior. ▪ A "no gifts" policy will be instituted to prohibit employees from accepting gifts of any kind directly or indirectly from customers and/or suppliers/contractors.

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Issue of personal integrity in the reporting of attendance. The offense was uncovered by the audit process.	▪ Employees ▪ Management	▪ Reiteration of policy on the importance of integrity ▪ All possible incidence of corruption will ultimately be discovered and shall be dealt with accordingly subject to observance of laws and regulations and due process.
What are the Risks Identified?	**Which stakeholders are affected?**	**Management Approach**
No significant risks identified		
What are the Opportunities Identified?	**Which stakeholders are affected?**	**Management Approach**

▪ Emphasis on importance of integrity and honesty in day-to-day operations ▪ Reiteration of the adage "crime does not pay"	▪ Employees ▪ Management	▪ RLT is committed to subscribe to all applicable laws and regulations, ethical standards and industry best practices in its operations. ▪ RLT expects no less from its Board of Directors, Management, employees and business partners.

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	0	GJ
Energy consumption (gasoline)	0	GJ
Energy consumption (LPG)	0	GJ
Energy consumption (diesel)	0	GJ
Energy consumption (electricity)	128,323	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	-	GJ
Energy reduction (LPG)	-	GJ
Energy reduction (diesel)	-	GJ
Energy reduction (electricity)	Not readily available	kWh
Energy reduction (gasoline)	-	GJ

RLT has no comparable data available for year-on-year comparison.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
▪ The business model of RLT involves the construction, development and sale of condominium units. In the process, RLT transfers unto the condominium corporation formed the titles to the land and all the common areas of the project. The buildings/projects are then managed by the said condominium corporations that are independent from the influences of RLT. ▪ Thus, RLT has no influence in the management of the condominium buildings that it constructs, once	▪ Customers ▪ Condominium corporations ▪ Suppliers ▪ Contractors (in terms of workmanship warranties)	▪ In the future, RLT shall seriously consider renewable sources of energy and environmentally friendly and sustainable ways of generating and conserving power in its projects.

the buildings/projects are already turned over. ▪ However, before the common areas are turned over to the condominium corporations, all the requirements imposed by laws and regulations, such as compliant sewage treatment plants, standby power generators, etc. are properly put in place.		
What are the Risks Identified?	**Which stakeholders are affected?**	**Management Approach**
▪ Less than adequate monitoring of power consumption and vital facilities by the condominium corporations ▪ Lack of regular performance audit of key personnel of the condominium corporations	▪ Customers / residents of RLT's developments ▪ Condominium corporations ▪ Employees, consultants, suppliers, contractors of the condominium corporations	▪ As unit owner, RLT can work on having a representative/s elected to the boards of trustees of the condominium corporations to be able to provide advice on proper management of facilities leading to more efficient use of energy. ▪ Introduce its contractors who may be very familiar with the workings of the facilities installed in the buildings/projects
What are the Opportunities Identified?	**Which stakeholders are affected?**	**Management Approach**
Raise awareness within the RLT projects to conserve energy consumption	▪ Customers / residents of RLT's developments ▪ Condominium corporations ▪ Employees, consultants, suppliers, contractors of the condominium corporations	▪ RLT to exert influence to ensure that optimal and efficient use of energy is observed in its existing developments ▪ For future projects, serious efforts shall be exerted to design use of indigenous, renewable and green energy sources in its developments

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	-	Cubic meters
Water consumption	1,004	Cubic meters
Water recycled and reused	-	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
▪ The business model of RLT involves the construction, development and sale of condominium units. In the process, RLT transfers unto the condominium corporation formed the titles to the land and all the common areas of the project. The buildings/projects are then managed by the said condominium corporations that are independent from the influences of RLT. ▪ Thus, RLT has no influence in the management of the condominium buildings that it constructs, once the buildings/projects are already turned over. ▪ However, before the common areas are turned over to the condominium corporations, all the requirements imposed by laws and regulations, such as compliant sewage treatment plants, standby power generators, etc. are properly put in place.	▪ Customers ▪ Condominium corporations ▪ Suppliers ▪ Contractors (in terms of workmanship warranties)	▪ In the future, RLT shall seriously consider renewable sources of energy and environmentally friendly and sustainable ways of generating and conserving water in its projects.
What are the Risks Identified?	**Which stakeholders are affected?**	**Management Approach**
No significant risks identified		
What are the Opportunities Identified?	**Which stakeholders are affected?**	**Management Approach**
No significant opportunities identified		

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume	Negligible	
▪ renewable	Negligible	kg/liters
▪ non-renewable	Negligible	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	Negligible	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
RLT's market niche is high-end, luxury residential condominium units. Thus, for its past/completed projects, its choice of materials had to be of high quality and not coming from recycled materials.	▪ Customers ▪ Architects ▪ Contractors ▪ Suppliers ▪ Sales personnel	For future projects, RLT will very seriously consider the use of renewable energy sources in its projects.
What are the Risks Identified?	**Which stakeholders are affected?**	**Management Approach**
No significant risks identified		
What are the Opportunities Identified?	**Which stakeholders are affected?**	**Management Approach**
▪ The opportunities are in being able to make use of sustainable design principles to include the ability to: ○ optimize site potential; ○ minimize non-renewable energy consumption; ○ use environmentally preferable products; ○ protect and conserve water; ○ enhance indoor environmental quality;	▪ Stockholders ▪ Management ▪ Customers ▪ Architects ▪ Consultants	▪ To explore possibilities in constructing and offering for sale environmentally friendly buildings and facilities ▪ To achieve more attractive financing terms for its projects by making use of "green" and sustainable design principles

○ optimize operational and maintenance practices. ▪ Obtaining more favorable terms for financing projects that will quality for "green" projects.		

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	None	
Habitats protected or restored	None	ha
IUCN[4] Red List species and national conservation list species with habitats in areas affected by operations	None	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not applicable at this time	Not applicable at this time	Not applicable at this time
What are the Risks Identified?	**Which stakeholders are affected?**	**Management Approach**
No significant risks identified		
What are the Opportunities Identified?	**Which stakeholders are affected?**	**Management Approach**
No significant opportunities identified		

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	0	Tonnes CO_2e
Energy indirect (Scope 2) GHG Emissions	0	Tonnes CO_2e
Emissions of ozone-depleting substances (ODS)	0	Tonnes

[4] International Union for Conservation of Nature

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not applicable at this time	Not applicable at this time	Not applicable at this time
What are the Risks Identified?	**Which stakeholders are affected?**	**Management Approach**
No significant risks identified		
What are the Opportunities Identified?	**Which stakeholders are affected?**	**Management Approach**
No significant opportunities identified		

Air pollutants

Disclosure	Quantity	Units
NO_x	0	kg
SO_x	0	kg
Persistent organic pollutants (POPs)	0	kg
Volatile organic compounds (VOCs)	0	kg
Hazardous air pollutants (HAPs)	0	kg
Particulate matter (PM)	0	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not applicable at this time	Not applicable at this time	Not applicable at this time
What are the Risks Identified?	**Which stakeholders are affected?**	**Management Approach**
No significant risks identified		
What are the Opportunities Identified?	**Which stakeholders are affected?**	**Management Approach**
No significant opportunities identified		

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	0	kg
Reusable	0	kg
Recyclable	0	kg
Composted	0	kg
Incinerated	0	kg
Residuals/Landfilled	0	kg

<table>
<tr><th>What is the impact and where does it occur? What is the organization's involvement in the impact?</th><th>Which stakeholders are affected?</th><th>Management Approach</th></tr>
<tr><td>▪ RLT itself does not generate solid wastes.
▪ The independent condominium corporations possibly generate solid waste but there are regular contractors hauling these solid wastes.</td><td>▪ Community
▪ Condominium corporations
▪ Residents
▪ Garbage contractors</td><td>▪ To provide assistance to the condominium corporations insofar as hauling of plastic wastes are concerned.
▪ These plastic waste products can be used as raw material by Recon-X Energy Corporation (a subsidiary of RLT's subsidiary, Sultan's Power Corp.) in converting plastics to diesel using a patented process.</td></tr>
<tr><th>What are the Risks Identified?</th><th>Which stakeholders are affected?</th><th>Management Approach</th></tr>
<tr><td colspan="3">There are no significant risks identified insofar as RLT itself is concerned.</td></tr>
<tr><th>What are the Opportunities Identified?</th><th>Which stakeholders are affected?</th><th>Management Approach</th></tr>
<tr><td>The identified opportunities for RLT concerns the subsidiary of its subsidiary, Recon-X Energy Corporation that converts plastics to diesel using a patented process.</td><td>▪ Condominium corporations
▪ Recon-X Energy Corporation</td><td>To formalize arrangements for Recon-X Energy Corporation to haul solid wastes (plastic) for conversion to fuel which should redound to the benefit of both the said company and the condominium corporations.</td></tr>
</table>

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	0	kg
Total weight of hazardous waste transported	0	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not applicable at this time	None at this time	None at this time
What are the Risks Identified?	**Which stakeholders are affected?**	**Management Approach**
There are no significant risks identified insofar as RLT itself is concerned.		
What are the Opportunities Identified?	**Which stakeholders are affected?**	**Management Approach**
There are also no significant opportunities identified insofar as RLT itself is concerned.		

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	0	Cubic meters
Percent of wastewater recycled	0	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
▪ RLT itself does not generate solid wastes. ▪ The independent condominium corporations possibly generate solid waste but there are regular contractors hauling these solid wastes.	▪ Community ▪ Condominium corporations ▪ Residents	To provide assistance to the condominium corporations if necessary.
What are the Risks Identified?	**Which stakeholders are affected?**	**Management Approach**
There are no significant risks identified insofar as RLT itself is concerned.		
What are the Opportunities Identified?	**Which stakeholders are affected?**	**Management Approach**
There are also no significant opportunities identified insofar as RLT itself is concerned.		

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
RLT's construction of projects are impacted by various environmental regulations; RLT fully understands that any noncompliance will result to financial and non-financial penalties, stoppage of operations on its on-going projects.	▪ Board of Directors ▪ Management ▪ Suppliers ▪ Contractors ▪ Government ▪ Community	▪ RLT ensures that it observes and complies with all governmental and regulatory requirements in its projects. Prior to any project development, all environmental clearances are secured and/or complied with such as the Environmental Clearance Certificate ("ECC"), Laguna Lake Development Authority ("LLDA") Clearance and others, as deemed necessary. ▪ Our Project Construction Management Group ("PCMG") ensures and monitors compliance calendar in all of the Company's on-going projects. ▪ For 2020, RLT has complied with all environmental regulations.
What are the Risks Identified?	**Which stakeholders are affected?**	**Management Approach**
Violation of any regulations such as local ordinances and national laws with respect to the environment may result in penalties and/or suspension of business activities.	▪ Board of Directors ▪ Management ▪ Suppliers ▪ Contractors ▪ Government ▪ Community	RLT ensures compliance with all existing and new regulations that are imposed by local and national authorities which would have an impact on business activities
What are the Opportunities Identified?	**Which stakeholders are affected?**	**Management Approach**
Environmental regulations imposed by local and national regulatory agencies tend to	▪ Board of Directors ▪ Management ▪ Suppliers	As mentioned, RLT is committed to follow the rules and regulations imposed by government and

improve overall quality of a building structure and improve sustainability.	▪ Contractors ▪ Government ▪ Community	subscribe to industry best practices for the purpose of improving the buildings that it builds and will build in the future.

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees[5]		
a. Number of female employees	**29**	#
b. Number of male employees	**36**	#
Attrition rate[6]	**4**	rate
Ratio of lowest paid employee against minimum wage	**0**	ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	**Y**	**3.45**	**2.78**
PhilHealth	**Y**	**0**	**0**
Pag-IBIG	**Y**	**3.45**	**0**
Parental leaves	**Y**	**4.76**	**0**
Vacation leaves	**Y**	**38.09**	**33.33**
Sick leaves	**Y**	**15.87**	**23.80**
Medical benefits (aside from PhilHealth))	**Y**	**62.07**	**61.11**
Housing assistance (aside from Pag-IBIG)	**N**	**0**	**0**
Retirement fund (aside from SSS)	**Y**	**1**	**2**
Further education support	**N**	**0**	**0**
Company stock options	**Y**	**0**	**0**
Telecommuting	**N**	**0**	**0**
Flexible-working Hours	**Y**	**34.48**	**47.22**
(Others)	**-**	**-**	**-**

[5] Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)

[6] Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company understands that its Employees/Workforce are its most important resource in achieving its goals. Thus, RLT provides its employees with competitive compensation package, performance bonuses and an extremely generous retirement plan as a way of motivating them to be productive.	RLT's benefits to its employees are: ▪ Competitive salary packages including performance bonuses and performance-based salary increments ▪ HMO health benefits (including at least one qualified dependent) ▪ Allowances for meals and transportation ▪ Rice subsidy and laundry allowance ▪ Annual credit leaves (Vacation and Sick Leave) ▪ Extremely generous Retirement Plan
RLT also promotes wellness among its employees	RLT has instituted policies that give our employees additional benefits, as follows: ▪ Access to basic medical supplies, including consultations with Company doctor. ▪ Company nurse who attends to basic health needs of our employee such as blood pressure monitoring, sugar count monitoring and others. ▪ Annual physical examination including eye check-up ▪ Group life insurance ▪ Pays for seminars to be attended by our professionals (i.e. Annual Continuing Professional Development, Annual Corporate Governance Seminars, etc.) ▪ Free parking ▪ Company outings and/or team building and sports activities to promote camaraderie among employees
What are the Risks Identified?	**Management Approach**
Employee retention of trained and reliable experts due to better opportunities especially outside of the country	Succession planning is practiced not only to address possibility of employee turnover but also to manage continuity and in the event the Company undertakes simultaneous projects Identified potential successors are given mentorship trainings and allowed to assume greater job responsibilities. Annual performance evaluation is a significant component in communicating Management's

	plan/s for key managers/employees so their career paths can be laid out clearly for them.
What are the Opportunities Identified?	**Management Approach**
Employee turnover rate is quite low. Thus, opportunities for implementing succession plan or for manning lateral organizational growth is present in case of simultaneous commencement of projects.	The Company shall continue its programs designed to retain "must keep" employees, such as: ▪ Service awards to honor loyal employees ▪ Recognition and incentives to qualified employees (i.e. sales personnel) ▪ Performance-based promotions for deserving employees ▪ Flexible work arrangements to accommodate employees who may be taking higher academic degrees

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	16	hours
b. Male employees	16	hours
Average training hours provided to employees		
a. Female employees	16/1	hours/employee
b. Male employees	16/1	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The impact is improved knowledge of directors, senior management and employees that translate to better quality work and overall performance.	RLT spends for the training of its directors, senior management and professional employees. A sample of this are as follows: ▪ Annually, the Company sponsors a Corporate Governance seminar for its directors and key officers ▪ The Company also shoulders the costs of seminars relating to Continuing Professional Development of its licensed professionals such as Certified Public Accountants, Engineers, etc. ▪ RLT also encourages its key officers and employees to attend seminars that will keep them abreast with developments, such as the periodic Listing and Disclosures

	Seminars conducted by the Philippine Stock Exchange, Inc., etc. ▪ Our Department Heads and Managers conduct trainings to improve the skills of our employees (e.g., improving proficiency in Excel, oral and written communication skills, etc.) ▪ Fire and Safety seminars and drills are regularly conducted
What are the Risks Identified?	**Management Approach**
There are no significant risks identified.	
What are the Opportunities Identified?	**Management Approach**
There are no significant opportunities identified.	

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	Town Hall meetings are conducted regularly (2 times this year)	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
RLT has no labor union. Thus, it has no Collective Bargaining Agreement with the representatives of its employees. The employees have found no reason to establish a labor union. Nevertheless, the Company always seek to create equitable and fair labor practices, ensuring that our employees' welfare and rights are protected.	▪ In spite of the absence of a labor union, the Company is committed to protect the welfare and rights of its employees. ▪ RLT ensures that it observes DOLE advisories on labor and labor-related matters (i.e. compensation, work hours, increases in minimum wage, etc.). ▪ The Company always seeks to create equitable and fair labor practices, ensuring that our employees' welfare and rights are protected. A case in point is the recent COVID-19 pandemic. The Company instituted work-from-home arrangements and looked after the welfare of the employees by not terminating a single employee and paying their salaries and without reducing their leave credits.

	▪ For employee concerns, these can be ventilated during Town Hall meetings. ▪ The Company gives priority to hiring relatives of retiring employees, as what recently happened when a long-time messenger of the Company retired. His vacated post was given to his son.
What are the Risks Identified?	**Management Approach**
Discontent among the employees due to unfair labor practices will lead to a formation of a labor union.	▪ Due to the initiatives of Management as expounded above, and the stockholders' genuine concern for the welfare of the employees, RLT's employees have found no reason to establish a labor union.
What are the Opportunities Identified?	**Management Approach**
The opportunities are in the area of continued industrial peace that allows our employees and Management to concentrate on their work.	To continue Management practices as they are working perfectly well.

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	**45**	%
% of male workers in the workforce	**55**	%
Number of employees from indigenous communities and/or vulnerable sector*	**3**	#

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
▪ The impact is in its primary business operations. ▪ In RLT's senior management, three (3) are senior citizens and one (1) is a PWD ▪ Several key departments are headed by women, including in the area of engineering. ▪ RLT has also hired LGBTs, including solo parents and those coming from poorer communities provided qualified.	▪ RLT does not discriminate against any employee or job applicant because of race, color, religion, national origin, sex, physical or mental disability, or age. ▪ In short, RLT is an equal opportunity employer. ▪ Promotion is strictly based on merit and performance.

What are the Risks Identified?	Management Approach
Reputational risk if the Company discriminates in its hiring of applicants (and in the promotion of existing employees) as a result of race, color, religion, national origin, sex, physical or mental disability, or age.	RLT is exercising due care in dealing with individuals or group of individuals (that includes those in the employ of its suppliers, contractors and business partners) so as not to perceived as prejudicial against other people.
What are the Opportunities Identified?	**Management Approach**
Hiring is improved as the best qualified can be hired without having to be confined to certain choices due to set limitations.	Continue and adhere to the principle of being an equal opportunity employer.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	**0**	Man-hours
No. of work-related injuries	**0**	#
No. of work-related fatalities	**0**	#
No. of work-related ill-health	**0**	#
No. of safety drills	**0**	#

<table>
<tr><th>What is the impact and where does it occur? What is the organization's involvement in the impact?</th><th>Management Approach</th></tr>
<tr><td>▪ In general, any construction work is done by outside contractors.
▪ However, the employees of the contractors might be involved in any work-related accidents/injury. As a result, disruption of business operations or certain construction activity might be imposed.</td><td>▪ RLT and its Management ensure that safe environment, workplace and working conditions are observed by its contractors and consultants.
▪ RLT requires its contractors to observe DOLE and local government orders and ordinances with respect to occupational safety and health standards.</td></tr>
<tr><th>What are the Risks Identified?</th><th>Management Approach</th></tr>
<tr><td>▪ For the workers, the risks they face are accidents and getting contaminated by illnesses of fellow workers (such as COVID-19).
▪ Lack of training and experience could be the causes of accidents.</td><td>▪ RLT in its prequalification of contractors require observance of safety standards in the work areas and for workers.
▪ RLT also ascertains that appropriate insurance coverage (such as Contractors All Risk Insurance) is procured by the contractor/s to cover any eventuality
▪ In the case of the COVID-19 pandemic, RLT requires its contractors to adhere fully to the requirements set by the DOH, the DOLE, the DPWH, the municipality/city government and the barangay concerned.</td></tr>
<tr><th>What are the Opportunities Identified?</th><th>Management Approach</th></tr>
<tr><td colspan="2">There are no significant opportunities identified.</td></tr>
</table>

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the Company policy
Forced labor	N	None
Child labor	N	None
Human Rights	N	None

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Forced labor, child labor and violation of human rights are not specifically mentioned in Company policies as they are presumed not to be allowed at any instance.	These will be explicitly included in Company policies
What are the Risks Identified?	**Management Approach**
There are no significant risks identified.	
What are the Opportunities Identified?	**Management Approach**
There are no significant opportunities identified.	

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

RLT does not have a supplier accreditation policy. However, terms of reference for each undertaking are clearly issued to potential bidders and prequalification procedures are being followed as part of best practices to ensure acceptability of suppliers/contractors.

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	N	
Forced labor	N	
Child labor	N	
Human rights	N	
Bribery and corruption	Y	RLT observes industry best practices when dealing with its suppliers/contractors. Our employees when dealing with our suppliers/contractors are properly advised, guided and mindful that bribery and corruption will not be tolerated in the Company.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
RLT engages the services of well-known, reputable suppliers that do not engage in forced labor, child labor and other illegal practices.	RLT is into development of premium condominium buildings. As such it also deals with premium and quality suppliers and contractors. Most of them are repeat contractors and suppliers. Over time, RLT is able to assure itself that it is dealing with reputable suppliers and contractors.
What are the Risks Identified?	**Management Approach**
No significant risks are identified.	
What are the Opportunities Identified?	**Management Approach**
No significant opportunities are identified.	

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
The premium projects completed by RLT improved the community in terms of aesthetic considerations and enhancement of the property values in the surrounding areas.	Projects are located in premium locations that allows for easier accessibility	Residential condominium projects of RLT have provisions for senior assisted living. This is because RLT's residential condominium buildings are meant to be home-replacement	No.	Condominium corporations are conscious about taking care of its residents, especially senior citizens.	Not applicable

		alternatives for senior citizens.			

**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: _____________

Certificates	Quantity	Units
FPIC process is still undergoing	TBD	#
CP secured	None yet	#

RLT operations do not have significant impact on vulnerable groups in the society.

What are the Risks Identified?	Management Approach
No significant risks are identified.	
What are the Opportunities Identified?	**Management Approach**
No significant opportunities are identified.	

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	Not available	N

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Being a developer-seller of premium condominium units, RLT is very concerned about customer satisfaction, ensuring that units delivered / transferred to its buyers are based on specifications.	▪ RLT employees, particularly our Sales Group, Sales Support Group and most especially our Property Management Group and Project Construction Management Group, are trained to ensure quality of work at RLT developments. ▪ Buyers of units of RLT projects are given a one-year warranty period, and all repairs and workmanship re-work are done free-of-charge. ▪ Our Sales Group and Sales Support Group assist customers complete documentary

	requirements to fast track transfer of ownerships to the said customers. ▪ Our Property Management Group and Project Construction Management Group ensure that installed appliances in the units are of good quality and in good working condition. ▪ Maintenance in the common areas of the condominium buildings are properly monitored i.e. lightings, elevators, etc., by the Condominium Corporation.
What are the Risks Identified?	**Management Approach**
Customer satisfaction is a very key element in successful selling of high-end condominium units as negative news gets around very fast, especially with the advent of social media. Thus, it must be taken very seriously because of the harm that can be caused by negative publicity.	The Company treats customer satisfaction very seriously as can be shown by the fact that there have been a lot of repeat buyers of RLT's projects over the years. This is in spite of very limited marketing collateral in the selling of the units in RLT's projects.
What are the Opportunities Identified?	**Management Approach**
Satisfied customers have been the best "sales agents" of RLT. Word of mouth and positive responses insofar as customer satisfaction is concerned have helped in the marketing of RLT's projects.	Customer service is a serious matter in RLT. Residents' complaints, issues or requests for repairs are taken up in weekly meetings of the Project Committee for those units still under a one-year warranty period and in the board meetings of the Condominium Corporations.

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
▪ RLT ensures that all its contractors follow strict policies, rules and regulations on safety imposed by regulatory agencies in the construction of its projects (residential or commercial condominium buildings).	▪ RLT believes in the principle of protecting the health and safety of its employees as well as those of the employees of its consultants, contractors and suppliers. ▪ RLT fully subscribes to all applicable rules and regulations imposed by regulatory agencies in

▪ In terms of the COVID-19 pandemic, RLT is strictly following the protocols prescribed by the DOH, DOLE, DPWH, the local government units covering RLT's areas of operations, including but not limited to the following: ○ Requirement on returning employees or workers of contractors of presenting either results of rapid tests conducted on them or barangay health certification prior to allowing them entry to office or building premises; ○ Constructing an isolation tent for employees, residents or workers of contractors who may be exhibiting symptoms of COVID-19; ○ Presence of a full-time nurse for consultation and as liaison to hospitals and testing centers	making sure that its contractors comply with building construction safety protocols. ▪ RLT's concern for the health and safety of its employees and those of its contractors extends to making them safe from COVID-19.
What are the Risks Identified?	**Management Approach**
▪ Accidents in building construction site/s due to negligence or non-conformance to prescribed rules and regulations imposed by regulatory authorities ▪ Property damages as a result of substandard workmanship ▪ Major damages caused by lack of adequate testing (e.g., caused by earthquakes, etc.)	RLT ensures that its projects are designed by world-class architects and consultants specializing in earthquakes (e.g., design can withstand globally acceptable/tolerable earthquake intensity), wind flows, building heat management, energy efficiency, etc., to prevent damages due to the elements or disasters.
What are the Opportunities Identified?	**Management Approach**
▪ Enhanced reputation for quality products (condominium units) and services ▪ Growing the Company's loyal customer base	Continue to turn out value-for-money premium developments that are well thought-out and exquisitely designed that in the future will make use of sustainable design principles

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
RLT advertises subtly through billboards, brochures, online ads and makes use of social media page	▪ RLT's marketing is subtle and low-key in approach. ▪ It is focused more on getting prospective buyers to see the actual product being offered for sale. ▪ For those who express interest, a soft copy of the units for sale is provided the prospective buyer as well as classy brochures. ▪ RLT has engaged consultants to help the Company further enhance its brand image and well-conceived overall marketing plan.
What are the Risks Identified?	**Management Approach**
Making commitments or promises that cannot be delivered enhance reputational risk.	RLT fully subscribes to "truth in advertising".
What are the Opportunities Identified?	**Management Approach**
No significant opportunities are identified.	

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	More than 100 but less than 250	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The impact is in the customer base of the Company.	RLT is committed to protect the privacy of the Company's employees, consultants, contractors, suppliers and most especially its active customers. This is contained in the Company's Data Privacy Manual.

	http://www.philrealty.com.ph/wp-content/uploads/2019/06/PRHC_Data_Privacy_Manual_min-1.pdf Under the said manual – ▪ Collection of information/data from customers are with consent. ▪ Storing of data are kept secured. ▪ All data obtained from customers are kept confidential.
What are the Risks Identified?	**Management Approach**
The risk is the release of information on the Company's data subjects without their prior consent.	▪ The Board has appointed a Data Protection Officer. ▪ The Data Protection Officer oversees the compliance of the Company with the Data Privacy Act, its IRR, and other related policies, including the implementation of security measures, security incident and data breach protocol, and the inquiry and complaints procedure.
What are the Opportunities Identified?	**Management Approach**
No significant opportunities are identified.	

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The impact is in the security of the information on the customer base of the Company.	RLT is committed to protect the privacy of the Company's employees, consultants, contractors, suppliers and most especially its active customers. This is contained in the Company's Data Privacy Manual. http://www.philrealty.com.ph/wp-content/uploads/2019/06/PRHC_Data_Privacy_Manual_min-1.pdf

	Under the said manual – ▪ Collection of information/data from customers are with consent. ▪ Storing of data are kept secured. ▪ All data obtained from customers are kept confidential.
What are the Risks Identified?	**Management Approach**
The risk is the release of information on the Company's data subjects without their prior consent due to lack of security protocols.	▪ The Board has appointed a Data Protection Officer. ▪ The Data Protection Officer oversees the compliance of the Company with the Data Privacy Act, its IRR, and other related policies, including the implementation of security measures, security incident and data breach protocol, and the inquiry and complaints procedure.
What are the Opportunities Identified?	**Management Approach**
Feeling of comfort and security of the Company's data subjects would tend to attract more customers for RLT, both from prospective buyers of condominium units or prospective lessees.	Full compliance and adherence to laws and regulations; in this instance the Data Privacy Act.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Property Development	**SDG 8** “Decent Work and Economic Growth” **SDG 9** “Industry Innovation and Infrastructure” **SDG 12** “Responsible Consumption and Production”	▪ Underage laborers from our third-party contractors. ▪ Risk of accidents and injury. ▪ Impact on environment due to industry and infrastructure development. ▪ Increase consumption of energy and water due to project development.	▪ Ensure that contractors are observing laws and government directives. ▪ Ensure that contractors are practicing responsible and safe construction methodologies (i.e. safety protocols are observed). ▪ Ensure that necessary environmental clearances are obtained prior to start of project construction. ▪ Ensure that developments are able to attain efficiencies in terms of energy consumption and optimization of use of water resources.
Sale and lease of property (residential and commercial)	**SDG 6** “Clean Water and Sanitation” **SDG 11** “Sustainable Cities and Community”	▪ Increased water and energy consumption as a direct consequence of increases in units constructed and sold ▪ Potential increase in pollution and waste matter due to increased no. of households	▪ Use of efficient sewage treatment facilities ▪ For future projects, the Company will make use of sustainable design principles to include the ability to: ○ optimize site potential; ○ minimize non-renewable energy consumption; ○ use environmentally preferable products;

			○ protect and conserve water; ○ enhance indoor environmental quality; ○ optimize operational and maintenance practices.

** None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*

ANNEX C

SUBSIDIARIES OF THE REGISTRANT
(as of December 31, 2020)

Name	% of Ownership
Tektite Insurance Brokers, Inc.	100.00%
PRHC Property Managers, Inc.	100.00%
Sultan Powers Inc.	100.00%
Universal Travel Corporation	81.53%
Le Cheval Holdings, Inc.	45.00%
Alexandra (U.S.A.), Inc.	45.00%

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0 9 9 9 0 5

Company Name

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES

Principal Office (No./Street/Barangay/City/Town)Province)

ONE BALETE, 1 BALETE DRIVE CORNER N. DOMINGO STREET BRGY. KAUNLARAN DISTRICT 4, QUEZON CITY

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
edmund.medrano@philrealty.com.ph	02-86313179	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
2,331	Any day of June	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
EDMUNDO C. MEDRANO	edmund.medrano@philrealty.com.ph	02-86313179	

Contact Person's Address

One Balete, 1 Balete Balete Drive cor. N. Domingo Street Brgy. Kaunlaran District 4, Quezon City

Note 1: In case of death, resgination 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 property and completely filled-up. Failure to do 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.

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020, 2019 and 2018

Philippine Realty & Holdings Corporation

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **PHILIPPINE REALTY AND HOLDINGS CORPORATION and SUBSIDIARIES (the Group)** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2020, 2019 and 2018, in accordance with the prescribed financial reporting framework indicated therein, 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 and 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 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 or members.

Maceda Valencia and Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

GERARDO DOMENICO ANTONIO V. LANUZA
Chairman of the Board

ALFREDO S. DEL ROSARIO, JR.
President and Chief Executive Officer

EDMUNDO C. MEDRANO
Executive Vice President and Chief Operating Officer and Treasurer

Signed this 16th day of March 2021.

26 APR 2021

SUBSCRIBED AND SWORN to before me this ______ day of ____________, 2021, affiants exhibiting to me their Tax Identification Nos. as follows:

Name	Tax Identification No.
Gerardo Domenico Antonio V. Lanuza	243-616-771
Alfredo S. Del Rosario, Jr.	108-160-980
Edmundo C. Medrano	134-515-229

Doc. No. 226
Page No. 94
Book No. XLV
Series of 2022

ATTY. RUBEN M. AZAÑES, JR.
NOTARY PUBLIC
UNTIL DECEMBER 31, 2021
PTR NO. 0694960, QUEZON CITY
IBP NO. 132791-Quezon City CHAPTER
Roll of Attorney's No.46427
Admin Matter No.004
MCLE-VI-0030360-2-19-2020
TIN:140-394-386-000
UNIT 2 UGF-2 Opulent Bldg., [illegible]

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Certified Public Accountants and Management Consultants

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**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION**

The Shareholders and Board of Directors
Philippine Realty and Holdings Corporation and Subsidiaries
One Balete, 1 Balete Drive corner N. Domingo Street
Brgy. Kaunlaran District 4
Quezon City

We have audited the financial statements of Philippine Realty and Holdings Corporation and Subsidiaries as at and for the year ended December 31, 2020, on which we have rendered our report dated March 16, 2021.

In compliance with the Revised Securities Regulation Code Rule 68 and based on the certification received from the Company's corporate secretary and the results of our work done, as at December 31, 2020, we are stating that the said Company has two thousand two hundred seventy-six (2,276) shareholders owning one hundred (100) or more common shares.

MACEDA VALENCIA & CO.

X. Maceda Jr.

ANTONIO O. MACEDA, JR.
Partner
CPA License No. 20014
PTR No. 8564731
Issued on January 22, 2021 at Makati City
SEC Accreditation No. (individual) as general auditor 1761-A Category A,
Effective until July 31, 2022
SEC Accreditation No. (firm) as general auditors 4748-SEC;
Effective until Febuary 17, 2023
TIN 102-090-963-000
BIR Accreditation No. 08-001987-004-2021,
Effective until April 11, 2024
BOA/PRC Reg. No. 4748, effective until June 26, 2021

March 16, 2021
Makati City

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Maceda Valencia & Co
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REPORT OF INDEPENDENT AUDITORS

The Shareholders and Board of Directors
Philippine Realty and Holdings Corporation and Subsidiaries
One Balete, 1 Balete Drive corner N. Domingo Street
Brgy. Kaunlaran District 4
Quezon City

Opinion

We have audited the consolidated financial statements of Philippine Realty and Holdings Corporation and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of total comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the three years in the period ended December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

Key Audit Matters

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

Valuation of Real Estate Inventories

The Risk

Real estate inventories constitute a material component in the Group's consolidated statements of financial position. Real estate inventories amounted to P0.80 billion representing 13% of the total assets as at December 31, 2020. Real estate inventories include properties under construction, newly built and acquired properties that are held for sale in the ordinary course of business and land held for development. Real estate inventories are valued at the lower of cost or market and net realizable value.

The valuation of real estate inventories is influenced by assumptions and estimates regarding construction costs to be incurred, and future selling prices. Weak demand and the consequential over supply of residential units might exert downward pressure on transaction volumes and selling prices of residential properties.

Our Response

Based on a sample selected according to qualitative and quantitative factors, our audit procedures included the following:

- Evaluation of recognized costs for selected projects in terms of eligibility for capitalization and allocation on the basis of the respective financial forecast;

- Identification of deviations between financial forecasts and the respective project accounts together with a critical assessment of these deviations through discussions with project managers, and reconciliation of actual costs with construction cost statements; and

- Analysis of realizable values by inspecting the most recent sales contracts and comparing expected future costs, costs already capitalized and expected sales proceeds from remaining properties.

Allowance for Impairment Losses on Trade and Other Receivables

The Risk

The allowance for impairment losses on trade and other receivables is considered to be a matter of significance as it requires the application of judgment and use of subjective assumptions by management. As of December 31, 2020, trade and other receivables has a total carrying amount of P1.25 billion contributing 21% of the Group's total assets.

Our Response

Our audit procedures included the following:

- Testing the Group's controls over the receivables collection processes.

- Testing the adequacy of the Group's provisions against trade receivables by assessing management's assumptions, taking account of externally available data on trade credit exposures and our own knowledge of recent bad debt experience in this industry and expected cash flows from the sale of collateral held or other credit enhancements.

- We also considered the adequacy of the Group's disclosures about the degree of estimation involved in arriving at the provision.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Antonio O. Maceda, Jr.

MACEDA VALENCIA & CO.

A. Maceda Jr.

ANTONIO O. MACEDA, JR.
Partner
CPA License No. 20014
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March 16, 2021
Makati City

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

	Note	2020	2019
ASSETS			
Current Assets			
Cash and cash equivalents	*3*	**P207,245,299**	P218,430,583
Financial assets at fair value through profit or loss (FVPL)	*4*	**6,750,000**	6,750,000
Trade and other receivables - current portion	*6*	**1,073,360,534**	351,394,206
Real estate inventories	*7*	**801,055,720**	1,159,131,710
Prepayments and other assets - net	*8*	**408,738,974**	406,326,485
Total Current Assets		**2,497,150,527**	2,142,032,984
Non-current Assets			
Financial assets at fair value through other comprehensive income (FVOCI)	*5*	**41,010,520**	35,693,930
Trade and other receivables - non current portion	*6*	**179,618,624**	1,273,794,211
Investments in and advances to associates - net	*9*	**64,155,487**	74,609,802
Investment properties	*10*	**2,912,479,607**	2,223,285,470
Property and equipment - net	*11*	**81,045,297**	93,978,372
Right of use assets	*12*	**98,167,126**	107,862,621
Investment in finance lease	*12*	**230,261,995**	241,562,399
Other non-current assets		**53,386**	53,388
Total Non-current Assets		**3,606,792,042**	4,050,840,193
		P6,103,942,569	P6,192,873,177
LIABILITIES AND EQUITY			
LIABILITIES			
Current Liabilities			
Trade and other payables - current portion	*13*	**P128,580,812**	P238,703,926
Unearned income	*14*	**1,361,382**	1,295,643
Loans and note payable – current portion	*15*	**340,339,916**	481,658,467
Lease liability - current portion	*12*	**14,459,726**	14,112,902
Total Current Liabilities		**484,741,836**	735,770,938
Non-current Liabilities			
Trade and other payables - net of current portion	*13*	**148,000,694**	120,758,909
Loans and note payable - net of current portion	*15*	**692,985,762**	673,427,834
Retirement benefit obligation	*17*	**73,420,911**	55,320,659
Deferred tax liabilities - net	*26*	**504,925,466**	428,965,492
Lease liability – net of current portion	*12*	**187,879,730**	202,339,455
Other non-current liabilities	*12*	**39,467,676**	41,540,793
Total Non-current Liabilities		**1,646,680,239**	1,522,353,142
Total Liabilities		**2,131,422,075**	2,258,124,080
EQUITY			
Equity Attributable to Equity Holders of the Parent Company			
Capital stock	*27*	**2,344,226,245**	2,344,226,245
Additional paid-in capital	*27*	**557,014,317**	557,014,317
Reserves	*28*	**44,304,162**	46,376,118
Retained earnings		**1,155,073,841**	1,113,176,522
Treasury stock	*27*	**(110,049,633)**	(110,049,633)
		3,990,568,932	3,950,743,569
Equity Attributable to Non-Controlling Interests	*29*	**(18,048,438)**	(15,994,472)
		3,972,520,494	3,934,749,097
		P6,103,942,569	P6,192,873,177

See Notes to the Consolidated Financial Statements.

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF TOTAL COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

	Note	2020	2019	2018
INCOME				
Sales of real estate		**P264,772,984**	P1,074,673,171	P1,009,230,247
Rent	*12*	**69,344,550**	50,850,057	102,120,869
Management fees	*19*	**42,852,821**	42,954,915	34,047,671
Interest	*21*	**13,728,349**	14,697,898	3,574,804
Commission	*20*	**4,455,984**	5,727,141	6,676,026
Gain on sale of property and equipment		**-**	-	3,952,737
Other income	*22*	**310,176,111**	696,372,717	661,531,938
		705,330,799	1,885,275,899	1,821,134,292
COSTS AND EXPENSES				
Cost of real estate sold	*7*	**161,787,110**	583,833,983	594,013,963
Cost of services	*23*	**83,154,975**	72,201,825	70,491,179
General and administrative expenses	*24*	**295,932,566**	512,378,346	506,541,946
Finance cost	*12,15,16*	**36,787,064**	17,069,529	8,474,222
Equity in net loss of an associate	*9*	**3,409,093**	2,063,651	8,204,998
Other expenses	*25*	**1,660,400**	611,650	63,633,979
		582,731,208	1,188,158,984	1,251,360,287
INCOME BEFORE INCOME TAX		**122,599,591**	697,116,915	569,774,005
INCOME TAX EXPENSE	*26*	**82,756,238**	212,227,312	178,840,222
NET INCOME		**P39,843,353**	P484,889,603	P390,933,783
Attributable to:				
Equity holders of the parent		**P41,897,319**	P495,717,398	P392,632,613
Non-controlling interest	*29*	**(2,053,966)**	(10,827,795)	(1,698,830)
		P39,843,353	P484,889,603	P390,933,783
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified to profit or loss				
Remeasurement of defined benefit obligation, net of tax	*28*	**(7,388,546)**	(14,686,450)	8,137,444
Unrealized holding gain (loss) on financial assets at FVOCI	*28*	**5,316,590**	(5,639,548)	(15,449,604)
		(2,071,956)	(20,325,998)	(7,312,160)
Total Comprehensive Income		**P37,771,397**	P464,563,605	P383,621,623
BASIC EARNINGS PER SHARE	*30*	**P0.01**	P0.10	P0.08

See Notes to the Consolidated Financial Statements.

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

	Equity Attributable to Equity Holders of the Parent Company							
	Capital Stock (Note 27)	Additional Paid-in Capital (Notes 27)	Reserves (Note 28)	Retained Earnings	Treasury Stock (Note 27)	Total	Non-controlling Interests (Note 29)	Total Equity
Balance at January 1, 2018	P2,344,198,495	P557,014,317	P195,307,585	P153,038,847	(P160,904,214)	P3,088,655,030	(P6,956,159)	P3,081,698,871
Comprehensive income								
Net income for the year	-	-	-	392,632,613	-	392,632,613	(1,698,830)	390,933,783
Other comprehensive loss for the year	-	-	(7,312,160)	-	-	(7,312,160)	-	(7,312,160)
Total comprehensive income for the year	-	-	(7,312,160)	392,632,613	-	385,320,453	(1,698,830)	383,621,623
Effect of reclassification of financial assets at FVPL to financial assets at FVOCI	-	-	17,308,122	(17,308,122)	-	-	-	-
Disposal of financial assets at FVOCI	-	-	1,924,192	-	-	1,924,192	3,488,312	5,412,504
Reissuance of shares	-	-	-	(51,191,775)	51,191,775	-	-	-
Reversal of appropriation	-	-	(140,287,561)	140,287,561	-	-	-	-
	-	-	(121,055,247)	71,787,664	51,191,775	1,924,192	3,488,312	5,412,504
Balance at December 31, 2018	2,344,198,495	557,014,317	66,940,178	617,459,124	(109,712,439)	3,475,899,675	(5,166,677)	3,470,732,998
Comprehensive income								
Net income for the year	-	-	-	495,717,398	-	495,717,398	(10,827,795)	484,889,603
Other comprehensive loss for the year	-	-	(20,325,998)	-	-	(20,325,998)	-	(20,325,998)
Total comprehensive income for the year	-	-	(20,325,998)	495,717,398		475,391,400	(10,827,795)	464,563,605
Collection of subscription receivable	27,750	-	-	-	-	27,750	-	27,750
Disposal	-	-	(238,062)	-	-	(238,062)	-	(238,062)
Acquisition of shares	-	-	-	-	(337,194)	(337,194)	-	(337,194)
	27,750	-	(238,062)	-	(337,194)	(547,506)	-	(547,506)
Balance at December 31, 2019	2,344,226,245	557,014,317	46,376,118	1,113,176,522	(110,049,633)	3,950,743,569	(15,994,472)	3,934,749,097
Comprehensive income								
Net income for the year	-	-	-	41,897,319	-	41,897,319	(2,053,966)	39,843,353
Other comprehensive loss for the year	-	-	(2,071,956)	-	-	(2,071,956)	-	(2,071,956)
Total comprehensive income for the year	-	-	(2,071,956)	41,897,319	-	39,825,363	(2,053,966)	37,771,397
Balance at December 31, 2020	**P2,344,226,245**	**P557,014,317**	**P44,304,162**	**P1,155,073,841**	**(P110,049,633)**	**P3,990,568,932**	**(P18,048,438)**	**P3,972,520,494**

See Notes to the Consolidated Financial Statements.

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

	Note	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**P122,599,591**	P697,116,915	P569,774,005
Adjustments for:				
Finance costs	*12,15,16*	**36,787,064**	17,069,529	8,474,222
Depreciation and amortization	*23,24*	**24,452,354**	26,197,729	13,478,898
Provision for retirement benefits	*17*	**14,596,841**	8,940,538	11,008,355
Impairment loss on trade and other receivables	*24*	**5,107,257**	80,758,365	26,262,781
Equity in net loss of an associate	*9*	**3,409,093**	2,063,651	8,204,997
Unrealized foreign exchange loss (gain) – net	*22,25*	**1,183,942**	403,018	(1,809,732)
Gain on fair value adjustment of investment properties	*10,22*	**(286,750,907)**	(546,695,730)	(511,432,937)
Interest income	*21*	**(13,728,349)**	(14,697,898)	(3,574,804)
Gain on repossession of assets	*22*	**(12,057,967)**	(4,912,075)	-
Impairment loss on property and equipment	*24*	-	19,406,340	-
Gain on sublease	*22*	-	(139,125,678)	-
Dividend income	*22*	-	(716,722)	(626,337)
Reversal of various liabilities	*22*	-	(24,484)	(109,006,274)
Impairment loss on other assets	*24*	-	-	16,637,343
Gain on sale of property and equipment – net		-	-	(3,644,424)
Operating income (loss) before working capital changes		**(104,401,081)**	145,783,498	23,746,093
Decrease (increase) in:				
Trade and other receivables		**367,102,002**	(434,322,340)	(425,662,730)
Prepayments and other assets		**(6,042,231)**	(120,837,375)	(132,871,065)
Real estate inventories		**29,067,260**	363,270,881	473,960,364
Increase (decrease) in:				
Trade and other payables		**(84,355,227)**	(225,834,243)	344,580,489
Unearned income		**65,739**	395,856	(3,897,629)
Other non-current liabilities		**(2,073,117)**	3,525,729	(27,048,517)
Cash generated from (used in) operations		**199,363,345**	(268,017,994)	252,807,005
Interest received	*21*	**13,728,349**	14,697,897	3,574,804
Retirement benefit paid	*17*	**(5,501,967)**	-	(395,000)
Contributions to retirement fund	*17*	**(2,000,000)**	-	(4,500,000)
Dividends received	*22*	-	716,722	626,337
Net cash provided by (used in) operating activities		**205,589,727**	(252,603,375)	252,113,146
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to investment properties	*10*	**(61,376,533)**	(69,659,161)	(135,765,653)
Additions to property and equipment	*11*	**(1,995,547)**	(11,442,647)	(8,800,170)
Return of investments	*9*	**7,045,222**	-	-
Proceeds from disposal of property and equipment	*11*	**171,763**	-	9,902,823
Proceeds from sale of AFS financial assets	*5*	-	-	21,952,385
Proceeds from sale of HTM Investments		-	-	1,000,000
Net cash used in investing activities		**(P56,155,095)**	(P81,101,808)	(P111,710,615)

Forward

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

	Note	2020	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availment of loans and note payable	*15*	**P831,343,910**	P860,815,000	P9,287,000
Finance lease receipts		**11,300,404**	11,066,012	-
Payments of loans and note payable	*15*	**(953,104,533)**	(366,407,748)	(205,429,114)
Finance cost paid		**(34,862,853)**	(17,069,529)	(8,474,222)
Lease liability payments		**(14,112,902)**	(14,355,492)	-
Collection of subscriptions receivable	*27*	**-**	27,750	-
Net cash from (used in) financing activities		**(159,435,974)**	474,075,993	(204,616,336)
EFFECTS OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS		**(1,183,942)**	(403,018)	1,809,732
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(11,185,284)**	139,967,792	(62,404,073)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	*3*	**218,430,583**	78,462,791	140,866,864
CASH AND CASH EQUIVALENTS AT END OF YEAR	*3*	**P207,245,299**	P218,430,583	P78,462,791

See Notes to the Consolidated Financial Statements.

1. Corporate Information

Philippine Realty and Holdings Corporation (the "Parent Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on July 13, 1981 with a corporate life of fifty (50) years. The principal activities of the Parent Company include the acquisition, development, sale and lease of all kinds of real estate and personal properties, and as an investment and holding company.

The Parent Company was listed with the Philippine Stock Exchange (PSE) on September 7, 1987.

The Parent Company is 35.67% owned by Greenhills Properties, Inc. (GPI), a corporation incorporated under the laws of the Philippines. The remaining shares are owned by various individuals and institutional stockholders.

The financial position and results of operations of the Parent Company and its subsidiaries (collectively referred to as the "Group") are consolidated in these financial statements (see Note 36).

On April 18, 2018, the Board of Directors of the Parent Company approved the contribution by GPI into the Parent Company of two (2) vacant lots located in Bonifacio Global City (BGC) more particularly described as follows: 1) Lot 1 Block 8 containing 1,600 sq.m., located at the corner of 6th Avenue and 24th Street; and 2) Lot 4 Block 8 also containing 1,600 sq.m., located at 6th Avenue corner 25th Street. Lot 1 Block 8 is registered under the name of GPI, while lot 4 block 8 was acquired by GPI from its wholly owned subsidiary, Lochinver Assets Inc. (LAI), by way of merger approved by the SEC, with GPI as the Surviving Corporation and LAI as the Absorbed Corporation.

The proposed transaction will involve the issuance of 4,177,777,778 new common shares by the Parent Company in favor of GPI, to be issued from the increase in the authorized capital stock (ACS) of the Parent Company, in exchange for GPI's contribution of two (2) vacant lots in the BGC as capital.

On July 23, 2018, the Stockholders approved the above transaction and the amendment of Article VII of the Parent Company's Articles of Incorporation increasing the Parent Company's authorized capital stock from 8,000,000,000 common shares with a par value of PhP0.50 per share to 16,000,000,000 common shares with a par value of PhP0.50 per share. The Parent Company's application with the SEC for the increase in authorized capital was approved on May 14, 2019.

The contribution of two (2) vacant lots in the BGC by GPI in exchange for the Parent Company's shares of stock is still pending. The transfer of title of the two vacant lots is in the final processing stage at the Registry of Deeds as of reporting date. Issuance of shares will be done upon complete transfer of title to the Parent Company.

The Parent Company's registered office is at One Balete, 1 Balete Drive Corner N. Domingo St. Brgy. Kaunlaran, District 4, Quezon City 1111, Philippines.

Outlook for the Future

The Philippines is experiencing a general economic downturn due to a global pandemic. Presently, the National Capital Region and other parts of the country are under various stages of community quarantine. Management believes that the outbreak of COVID-19 pandemic and the quarantine declarations, while causing some uncertainties and growth in risks, do not adversely impact the Group's ability to continue as a going concern.

Events After the Reporting Period

Impact of the proposed Corporate Recovery and Tax Incentives for Enterprises Act (CREATE)

On February 3, 2021, the Congress ratified the "Corporate Recovery and Tax Incentives for Enterprises Act" or "CREATE", which seeks to reduce the corporate income tax rates and to rationalize the current fiscal incentives by making it time-bound, targeted, and performance-based.

As of the issue date of these financial statements, the CREATE bill is awaiting approval by the President of the Philippines.

The following are certain provisions of the bill that are expected to have an impact on the Group's financial statements once passed into law:

- Reduced RCIT rate effective July 1, 2020 as follows:

  Domestic corporations shall be subject to the following reduced RCIT rates depending on their assets and taxable income:
  a. Those with assets amounting to P100,000,000 and below, excluding land, and with taxable income equivalent to P5,000,000 and below will be subjected to a 20% tax rate;
  b. Those with assets above P100,000,000 or those with taxable income amounting to more than P5,000,000 will be subjected to a 25% tax rate.

- Reduced MCIT rate of 1% effective July 1, 2020 until June 30, 2023

In accordance with Philippine Interpretations Committee Questions and Answers No. 2020-07 (which is still subject to the Board of Accountancy's approval as of the issue date), the CREATE Bill is considered to be not substantively enacted as of December 31, 2020; accordingly, the current and deferred taxes for financial reporting purposes as of December 31, 2020 are measured using the regular income tax rate in effect as of December 31, 2020, which is 30%.

CREATE is expected to reduce the current income tax expense of the Group in 2020 and in future years. Deferred income tax is expected to decrease with corresponding decrease in deferred tax liability.

2. Basis of Preparation

Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), which include the availment of the relief granted by the Securities and Exchange Commission (SEC) under Memorandum Circular Nos. 14-2018 and 3-2019 as discussed in the section below on Adoption of New and Amended Accounting Standards and Interpretations. PFRS includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC), as approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

The accompanying consolidated financial statements as at and for the year ended December 31, 2020 were approved and authorized for issuance by the Board of Directors (BOD) on March 16, 2021.

Basis of Measurement

The consolidated financial statements have been prepared under the historical cost convention, except for the following which are measured using alternative basis at each reporting date:

Financial assets at FVPL	Fair value
Financial assets at FVOCI	Fair value
Investment properties	Fair value
Retirement benefit obligation	Present value of the defined benefit obligation less fair value of plan assets

Functional and Presentation Currency
The consolidated financial statements are presented in Philippine peso, which is the presentation and functional currency of the Group. All financial information presented have been rounded to the nearest peso, unless otherwise stated.

Use of Estimates and Judgments
The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are described in Note 32.

3. Cash and Cash Equivalents

This account consists of:

	2020	2019
Cash in banks	**P191,605,216**	P139,350,554
Cash on hand	**51,500**	48,500
Cash equivalents	**15,588,583**	79,031,529
	P207,245,299	P218,430,583

Cash in banks earn average annual interest ranging from 1.0% to 1.25% in 2020 and 2019. Cash equivalents represent short-term money market placements with maturities up to three months and earn annual interest at the prevailing short-term investment rates.

Interest income recognized amounted to P0.83 million, P1.21 million and P2.40 million as at December 31, 2020, 2019 and 2018, respectively (see Note 21).

4. Financial Assets at FVPL

This account is composed of listed equity securities that are held for trading amounting to P6,750,000. The fair values of these securities are based on quoted market price.

5. Financial Assets at FVOCI

As at December 31, financial assets at FVOCI consist of investments in:

	Note	2020	2019
At cost:			
Listed shares of stock		**P58,332,808**	P58,332,808
Golf and country club shares		**3,350,000**	3,350,000
		61,682,808	61,682,808
Accumulated unrealized holding loss	*28*	**(20,672,288)**	(25,988,878)
		P41,010,520	P35,693,930

The movements in this account are summarized as follows:

	Note	**2020**	2019
Balance at beginning of year		**P35,693,930**	P41,333,478
Fair value adjustments	*28*	**5,316,590**	(5,639,548)
Balance at end of year		**P41,010,520**	P35,693,930

These are investments in shares of stock of various listed equity securities, and golf and country club shares that present the Parent Company with opportunity for return through dividend income. The fair values of these investments are based on quoted market prices. Unrealized holding gains or losses from market value fluctuations are recognized as part of the Group's reserves.

The above investments in equity instruments are not held for trading and the Group irrevocably elected to present subsequent changes in fair values in OCI.

Unrealized holding gain (loss) recognized in other comprehensive income from financial assets at FVOCI amounted to P5.3 million in 2020, (P5.6) million in 2019 and (P15.4) million in 2018 (see Note 28).

Proceeds from disposal of investments amounted to nil, nil and P21,952,385 in 2020, 2019 and 2018, respectively.

Dividend income recognized in profit or loss amounted to nil, P716,722 and P626,337 in 2020, 2019 and 2018, respectively (see Note 22).

6. Trade and Other Receivables

This account is composed of:

	2020	2019
Trade:		
Sale of real estate	**P1,087,032,291**	P1,494,999,148
Lease	**25,945,740**	10,911,410
Management fees	**9,575,876**	8,188,370
Commission	**6,503,890**	420,558
Premiums receivable	**-**	3,009,253
Advances	**38,798,168**	46,446,609
Other receivables	**183,447,504**	167,901,338
	1,351,303,469	1,731,876,686
Less: allowance for impairment loss	**98,324,311**	106,688,269
	P1,252,979,158	P1,625,188,417

Trade receivables from sale of real estate include amounts due from buyers of the Parent Company's condominium projects, generally over a period of three (3) or four (4) years. The condominium certificates of title remain in the possession of the Parent Company until full payment has been made by the customers. Trade receivables due after one-year amounted P0.18 billion in 2020 and P1.27 billion in 2019. Trade receivables carry yield-to-maturity interest rates of 5.64% in 2020, 2019 and 2018. Interest income recognized amounted to P2,016,397, P2,484,558 and P1,020,842 in 2020, 2019 and 2018, respectively (see Note 21).

Certain trade receivables with total carrying value of P184.54 million as at December 31, 2020 are pledged to a local bank as collateral to the Parent Company's loans payable (see Note 15).

Advances consist mainly of advances to officers and employees.

In 2014, the Parent Company and Xcell entered into a final joint arrangement that will be the final settlement for both parties since Icon Residences and Icon Plaza were 100% completed and the objectives of the agreement were already achieved. The Parent Company's final settlement from the project amounted to a total of P891 million. As at December 31, 2020 and 2019, there are outstanding receivables from Xcell amounting to P9.7 million included in the other receivables.

Other receivables also consist of receivables amounting to P100.7 million as at December 31, 2020 and 2019 in relation to the parcels of land sold in 2014. The remaining balances are receivables from concessionaires.

Receivables amounting to P98.32 million and P106.69 million as of December 31, 2020 and 2019, respectively, were impaired and fully provided for. The allowance for doubtful accounts for trade receivables has been determined as follows:

	2020	2019
Subject to 12-month ECL	**P26,622,447**	P20,259,346
Subject to lifetime ECL	**71,701,864**	86,428,923
Total	**P98,324,311**	P106,688,269

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due of all customers as they have similar loss patterns. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity. The security deposits and advance rental are considered in the calculation of impairment as recoveries. As of December 31, 2020, and 2019, the exposure at default amounts to P486 million and P359 million, respectively. The expected credit loss rate is 6% that resulted in the ECL of P26.6 million and P20.3 million as at December 31, 2020 and 2019, respectively (see Note 34).

Movements in allowance for impairment losses on receivables in 2020 and 2019 are as follows:

	Note	**2020**	2019
Balance at beginning of year		**P106,688,269**	P25,929,904
Provisions for the year	*24*	**5,107,257**	80,758,365
Reversal of provisions	*22*	**(13,471,215)**	-
Balance at end of year		**P98,324,311**	P106,688,269

7. Real Estate Inventories

This account consists of:

	2020	2019	2018
In progress:			
Andrea North SkyVillas Tower	**P112,178,615**	P209,667,249	P652,132,911
Andrea North Estate	**137,714,537**	88,058,328	72,612,549
BGC Project	**223,055,991**	154,516,512	54,522,805
	472,949,143	452,242,089	779,268,265
Completed units:			
Andrea North Skyline Tower	**144,979,500**	182,695,848	219,779,747
The Icon Plaza	**40,864,850**	40,864,849	19,846,249
Casa Miguel	**6,895,314**	6,895,314	6,895,314
	192,739,664	230,456,011	246,521,310
Land held for development:			
New Manila, Quezon City	**135,366,913**	135,366,913	135,566,913
Baguio	**-**	341,066,697	269,892,466
	135,366,913	476,433,610	405,459,379
	P801,055,720	P1,159,131,710	P1,431,248,954

BGC Project represent the cost of the master plan design of the new towers in BGC.

In July 2011, the Parent Company had a joint arrangement with Xcell for the development of a residential/commercial condominium on the Parent Company's Fort Bonifacio lot to be called "The Icon Plaza." The Parent Company contributed lot 9-4 to the joint arrangement and in return will receive twenty percent (20%) of the aggregated area of all the completed and saleable units of the project, plus 35% of the joint arrangement's pre-tax profits from the project which was agreed by the parties in 2014 to amount to P891 million.. The Parent Company's share on the saleable area of The Icon Plaza under joint arrangement with Xcell is recorded as real estate inventories.

In December 2020, the Parent Company entered in to a lease agreement with PRHC Property Managers, Inc. (PPMI) to lease the Baguio property to for a period of two (2) years. This lease is renewable upon mutual agreement of both parties. Consequently, due to the change in use, the Baguio property was reclassified to investment property (see Note 10).

Certain real estate inventories are mortgaged as collaterals to loans (see Note 15).

The cost of real estate inventories recognized as cost of sales amounted to P161,787,110, P583,833,983 and P594,013,963 in 2020, 2019 and 2018, respectively.

8. Prepayments and Other Assets

This account consists of:

	2020	2019
Prepaid taxes	**P155,834,221**	P155,834,221
Creditable withholding tax	**151,768,771**	127,043,469
Prepaid expenses	**78,347,856**	93,996,571
Deposits	**4,723,660**	4,723,660
Deferred input VAT	**4,428,704**	14,041,807
Input tax – net	**212,832**	127,343
Other assets	**13,422,930**	10,559,414
	P408,738,974	P406,326,485

Prepaid taxes are unutilized creditable withholding taxes, a portion of which was filed for refund with the Bureau of Internal Revenue.

Creditable withholding tax is the tax withheld by the customers from their payment to the Group and which tax is creditable against the income tax payable of the Group.

Prepaid expenses consist of advance payment for rent, real property tax, insurance premium and membership dues.

Deposits pertain to refundable deposits paid to utility companies. These also include security deposits paid in relation to an office lease agreement.

9. Investments in and Advances to Associates

Details of the ownership interests in associates as at December 31 are as follows:

	2020	2019
Le Cheval Holdings, Inc. (LCHI)	**45%**	45%
Alexandra (USA), Inc. (AUI)	**45%**	45%
Meridian Assurance Corporation	**30%**	30%

Details of investments in and advances to associates are as follows:

	2020	2019
Meridian Assurance Corporation		
Investment - acquisition cost	**P88,875,080**	P88,875,080
Release of investment	**(7,045,222)**	-
Investment - acquisition cost	**81,829,858**	88,875,080
Accumulated equity in net loss:		
Balance at beginning of year	**(14,390,427)**	(12,335,756)
Equity in net loss for the year	**(3,409,093)**	(2,054,671)
Balance at end of year	**(17,799,520)**	(14,390,427)
	P64,030,338	P74,484,653

Forward

	2020	2019
Le Cheval Holdings, Inc.		
Investment - acquisition cost	**P11,250**	P11,250
Allowance for impairment loss	**(11,250)**	(11,250)
	-	-
Accumulated equity in net income:		
Balance at beginning of year	**125,149**	134,129
Equity in net loss for the year	**-**	(8,980)
Balance at end of year	**125,149**	125,149
	125,149	125,149
Alexandra (USA), Inc.		
Investment - acquisition cost	**14,184,150**	14,184,150
Allowance for impairment loss	**(14,184,150)**	(14,184,150)
	-	-
Advances to AUI	**132,417,765**	132,417,765
Allowance for unrecoverable advances	**(132,417,765)**	(132,417,765)
	-	-
	P64,155,487	P74,609,802

The Parent Company's management performed an assessment for impairment on its investment in and advances to associates. The imminent liquidation of Alexandra USA, Inc. (AUI) indicates the possible impairment in the value of investment in this entity. In 2011, the Parent Company provided an allowance for impairment loss amounting to P14,184,150 for investments in AUI. The advances were likewise provided with 100% allowance.

The Parent Company also provided an allowance for impairment loss amounting to P11,250 for investments in LCHI.

Aggregated amounts relating to associates are as follows:

	2020	2019
Meridian Assurance Corporation (MAC)		
Total assets	**P245,278,345**	P288,669,121
Total liabilities	**32,858,619**	39,456,488
Net assets	**212,419,726**	249,212,633
Income	**13,419,950**	14,572,878
Cost and expenses	**(24,783,586)**	(21,421,781)
Net loss	**(P11,363,636)**	(P6,848,903)
Le Cheval Holdings, Inc. (LCHI)		
Total assets	**P45,362**	P45,362
Total liabilities	**142,248**	142,248
Net liabilities	**(96,886)**	(96,886)
Income	**-**	-
Cost and expenses	**-**	(19,955)
Net loss	**P -**	(P19,955)

The following are the principal activities of the Group's Associates:

Meridian Assurance Corporation
MAC was incorporated and registered with the SEC on March 16, 1960, renewed on November 13, 2007, primarily to engage in the business of insurance and guarantee of any kind and in all branches except life insurance, for consideration, to indemnify any person, firm or corporation against loss, damage or liability arising from any unknown or contingent event, and to guarantee liabilities and obligations of any person, firm or corporation and to do all such acts and exercise all such powers as may be reasonably necessary to accomplish the above purposes which may be incidental.

MAC did not comply with the minimum capital requirement set by the Insurance Commission as of December 31, 2016, as it is ceding its insurance business portfolio to another insurance company. MAC, however, will continue servicing the administrative requirements of all outstanding policies issued until their expiry. On March 30, 2017, MAC wrote the Insurance Commission to apply for a license as a servicing company and tendered its Certificate of Authority (CA) as non-life insurance company. Pending issuance of the servicing license, MAC still issued new policies up to April 30, 2017. On May 1, 2017, the Insurance Commission approved MAC's application as a servicing company and issued a servicing license. As a servicing insurance company, MAC's transactions are confined to: (i) accepting periodic premium payments from its policyholders; (ii) granting policy loans and paying cash surrender values of outstanding policies to its policyholders; (iii) reviving lapsed policies of its policyholders, and (iv) such other related services. Upon divestment of the insurance business, MAC plans to engage in the business of asset management.

In 2020, the Insurance Commission approved the release of the contingency surplus of MAC to its stockholders. The Parent Company received its 30% share amounting to P7,045,222.

The registered office of MAC is at 2003-B East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City. Aside from its head office in Metro Manila, it maintains offices in the cities of Cebu and Davao.

Le Cheval Holdings, Inc.
LCHI was incorporated and registered with the SEC on August 30, 1994 as a holding company and commenced operations as such by acquiring the majority outstanding shares of stock of Philippine Racing Club, Inc. (PRCI), a holding company incorporated in the Philippines. In 1996, LCHI sold its shares of stock with PRCI. Thereafter, LCHI became inactive.

Alexandra (USA), Inc.
AUI was incorporated in the United States of America (USA). AUI is involved in property development in Florida, USA. AUI is jointly owned with GPI (45%) and Warrenton Enterprises Corporation (10%) of William Cu-Unjieng. AUI is in the process of liquidation after the completion of the projects in Naples and Orlando. No information was obtained in the financial status and operations of AUI since 2012.

10. Investment Properties

The Group obtained the services of an independent valuer who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued. The effects are detailed below:

	Note	**2020**	2019
Balance, beginning		**P2,223,285,470**	P1,693,172,141
Additions		**61,376,533**	69,659,161
Reclassification from (to) inventory	*7*	**341,066,697**	(86,241,562)
Gain on change in fair value	*22*	**286,750,907**	546,695,730
Balance, ending		**P2,912,479,607**	P2,223,285,470

An independent valuation of the Group's investment properties as of December 9, 2020 and December 16, 2020 was performed by an independent appraiser accredited with both the PSE and the SEC to determine their fair value. The external independent appraiser used sales comparison approach in arriving at the value of the properties. In this approach, the value of the properties is based on sales and listings of comparable properties. This is done by adjusting, the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity or at a different floor level of the same building. Comparison would be premised on factors such as location, size and physical attributes, selling terms, facilities offered and time element.

In 2020 and 2019, the Parent Company acquired condominium units and parking spaces of PSE Tower I and II.

Details of investment properties are as follows:

	2020	2019
Condominium units and parking spaces		
PSE Tower I	**P1,501,557,180**	P1,355,498,720
PSE Tower II	**654,934,490**	630,856,610
Baguio - residential properties	**474,069,719**	-
Icon Plaza	**281,918,218**	236,930,140
	P2,912,479,607	P2,223,285,470

Rental income recognized from the investment properties amounted to P69,119,550 in 2020, P49,396,324 in 2019, and P76,466,492 in 2018. Real property taxes attributable to the investment property amounted to P22,124,552 in 2020, P8,693,849 in 2019 and P6,008,868 in 2018 are included as part of taxes and licenses in cost of services. Condominium dues attributable to the investment properties amounted to P10,127,213 in 2020, P11,117,177 in 2019 and P9,247,509 in 2018 are included also in cost of services.

Certain investment properties are mortgaged as collateral to loans (see Note 15).

In 2019, the management decided to change the plan for the Baguio property previously recorded as investment property from held for development to earn rental income to held for development and sale. In effect, the property was reclassified as inventory.

In December 2020, the Baguio Property which consists of land with total area of 16,158sqm, buildings and other land improvements was returned to investment property from real estate inventories under land for development due to commencement of an operating lease with another party, as disclosed in Note 7.

11. Property and Equipment

The details of the carrying amounts of property and equipment, the gross carrying amounts, and accumulated depreciation and amortization of property and equipment are shown below:

	For the Years Ended December 31, 2020 and 2019				
	Condominium Units, Building and Building Improvements	Office Furniture, Fixtures and Equipment	Transportation and Other Equipment	Leasehold and Office Improvements	Total
Cost					
January 1, 2019	P115,496,698	P25,326,969	P56,541,454	P1,221,181	P198,586,302
Additions	-	2,590,130	8,852,517	-	11,442,647
Impairment loss	(19,406,340)	-	-	-	(19,406,340)
December 31, 2019	96,090,358	27,917,099	65,393,971	1,221,181	190,622,609
Additions	336,841	295,689	1,363,017	-	1,995,547
Disposal	-	-	(381,696)	-	(381,696)
December 31, 2020	96,427,199	28,212,788	66,375,292	1,221,181	192,236,460
Accumulated Depreciation and Amortization					
January 1, 2019	28,195,385	22,102,513	28,751,049	1,093,055	80,142,002
Provision	3,336,010	3,768,991	9,381,777	15,457	16,502,235
December 31, 2019	31,531,395	25,871,504	38,132,826	1,108,512	96,644,237
Provision	3,370,946	1,784,574	9,585,882	15,457	14,756,859
Disposal	-	-	(209,933)	-	(209,933)
December 31, 2020	34,902,341	27,656,078	47,508,775	1,123,969	111,191,163
At December 31, 2019	P64,558,963	P2,045,595	P27,261,145	P112,669	P93,978,372
At December 31, 2020	**P61,524,858**	**P556,710**	**P18,866,517**	**P97,212**	**P81,045,297**

Certain transportation equipment of the Group with total carrying value of P19.89 million and P22.68 million and as at December 31, 2020 and 2019, respectively are pledged as security under chattel mortgage (see Note 15).

12. Leases

Lease agreement as lessee

The Parent Company leases two parcels of land located at 5th Avenue corner 25th Street, Bonifacio Global City, Taguig City. These contracts have a term of fifteen (15) years, renewable for another ten years upon submission of a written notice to renew at least ninety days prior to the expiration of the original term, with terms and conditions mutually agreed by both parties.

The Parent Company also leases a condominium unit located at the 20th Floor, East Tower of Philippine Stock Exchange Centre, Exchange Centre, Exchange Road, Ortigas Center, Pasig City. The contract has a term of five (5) years and is renewable upon mutual agreement of both parties.

The carrying amount of right-of-use assets as at December 31, 2020 and 2019 is shown below.

	2020	2019
Right-of-use assets	**P117,558,116**	P117,558,116
Accumulated amortization	**(19,390,990)**	(9,695,495)
Carrying amount	**P98,167,126**	P107,862,621

A maturity analysis of lease liabilities based on discounted gross cash flows is reported in the table below:

	2020	2019
Less than 1 year	**P14,459,726**	P14,112,902
More than 1 year	**187,879,730**	202,339,455
Total lease liabilities	**P202,339,456**	P216,452,357

Amounts recognized in profit or loss:

	Note	**2020**	2019
Depreciation expense	*23,24*	**P9,695,495**	P9,695,495
Interest expense		**9,661,848**	9,413,508

Total expenses on short-term leases amounted to P681,791, P633,233 and P663,572 in 2020, 2019 and 2018, respectively (see Notes 23 and 24).

Lease agreements as lessor

A. The Parent Company entered into a sublease contract relating to one of the parcels of land being leased in BGC as discussed above. This agreement was assessed by the management to be of a financing lease. This agreement is renewable at the end of the lease term of initially fifteen (15) years upon mutual consent of the parties.

Receivable under finance lease	**2020**	2019
Year 1	**P22,545,600**	P22,176,000
Year 2	**23,284,800**	22,545,600
Year 3	**23,672,896**	23,284,800
Year 4	**24,449,088**	23,672,896
Year 5	**24,856,576**	24,449,088
Onwards	**183,019,840**	207,876,416
Undiscounted lease payments	**301,828,800**	324,004,800
Present value of minimum lease payments receivable	**P230,261,995**	P241,562,399

Amounts recognized in profit or loss:

	Note	**2020**	2019
Interest income	*21*	**P10,875,595**	P10,405,989
Gain on sublease	*22*	**-**	139,125,678

B. The Group entered into short-term lease agreements including condominium units, office spaces and food plaza spaces. The lease contracts between the Group and its lessees have a term of one year which are renewable annually.

Total rental income earned in 2020, 2019 and 2018 amounted to P69.34 million, P50.85 million and P102.12 million, respectively.

Deferred rental income classified under other non-current liabilities amounting to P39.47 million and P41.54 million as of December 31, 2020 and 2019, respectively, pertains to advance rent received from lessees to be applied on the last three (3) months of the lease contract.

Refundable deposits on these lease agreements amounted to P17,827,514 and P21,070,902 in 2020 and 2019, respectively, and are included as part of trade and other payables as disclosed in Note 13.

13. Trade and Other Payables

This account consists of:

	Note	2020	2019
Trade payables		**P111,961,462**	P120,965,637
Accrued expenses		**64,300,871**	64,397,632
Retention fees payable		**41,190,780**	56,012,941
Customers' deposits		**33,659,390**	77,534,329
Refundable deposits	*12*	**17,827,514**	21,070,902
Due to government agencies		**4,431,946**	19,356,761
Due to insurance companies - net		**1,543,478**	-
Output value added tax – net		**-**	914
Others		**1,666,064**	123,719
		P276,581,505	P359,462,835

Non-current portion of trade and other payables amounted to P148,000,694 and P120,758,909 as at December 31, 2020 and 2019, respectively.

Accrued expenses consist of unpaid liabilities on outside services, insurance, supplies and other expenses.

Retention fees payable pertain to retention fees withheld from the contractors of ongoing and completed projects.

Customers' deposits consist of down payments representing less than 25% of the contract price of the condominium unit sold received from each customer which are deductible from the total contract price.

Due to government agencies consist mainly of payable to the Bureau of Internal Revenue, SSS, HDMF and Philhealth.

Others consist of refunds payable, commission payable and unearned rent income.

14. Unearned Income

The Parent Company has an on-going project called the Andrea North SkyVillas Tower ("SkyVillas"). SkyVillas started construction in 2011 and is 99.96% complete as at December 31, 2020 and 2019.

Details of unearned income are as follows:

	2020	2019
SkyVillas Tower		
Total sales value of completed units	P3,403,454,645	P3,239,107,500
Percentage uncompleted	.04%	.04%
	P1,361,382	P1,295,643

15. Loans and Note Payable

Loans Payable

The movements in the loans payable are summarized as follows:

	2020	2019
Balance at beginning of year	P1,151,824,960	P660,679,049
Availments of loan	831,343,910	857,071,000
Payments of principal	(952,575,586)	(365,925,089)
Balance at end of year	P1,030,593,284	P1,151,824,960

Interest on loans payable amounted to P24,864,954, P7,331,220 and P8,474,222 as at December 31, 2020, 2019 and 2018, respectively. Interest on loans payable capitalized as part of real estate inventories amounted to P61,561,281 and P64,554,325 in 2020 and 2019, respectively.

The account is composed of the following:

	2020	2019
Payable within one year:		
Philippine Bank of Communications	P200,660,372	P122,520,371
Philippine National Bank	100,000,000	350,000,000
Maybank Philippines, Inc.	30,137,149	-
Union Bank of the Philippines	5,313,014	5,206,899
RCBC Savings Bank	3,402,557	2,962,245
	339,513,092	480,689,515
Payable after one year:		
Philippine Bank of Communications	525,495,279	654,295,652
Maybank Philippines, Inc.	154,401,777	-
Union Bank of the Philippines	7,258,169	11,303,778
RCBC Savings Bank	3,924,967	5,536,015
	691,080,192	671,135,445
	P1,030,593,284	P1,151,824,960

Maybank Philippines, Inc. (Maybank)
In 2016, the Parent Company entered into a loan and hold-out agreement with Maybank. In April 2016, Maybank approved a P150 million credit line under which the Parent Company drew down P80 million in April 2016 and P70 million in May 2016. These loans are payable three (3) years from date of drawdown.

These loans bear 3.75% interest rate, payable monthly in arrears and secured by hold-out rights in favor of Maybank over the time deposit covering the total amount of P150 million maintained by GPI in Maybank Ortigas Branch.

This loan has been fully paid as at December 31, 2019.

On February 27, 2020, the Parent Company entered into a contract to sell receivables with recourse with Maybank for a total amount of P200 million, of which P184.54 million are outstanding as at December 31, 2020. These loans bear an interest of 6.75% subject to annual re-pricing with lump-sum payment upon maturity.

Union Bank of the Philippines (UBP)
In July 2016, the Parent Company availed car loans from Union Bank which bears 9.11% interest and is payable in installment over sixty (60) months. These loans are secured by certain transportation equipment of the Group (see Note 11).

RCBC Savings Bank (RCBC)
In July 2017, the Parent Company availed car loans from RCBC Savings Bank which bear 8.72% interest and are payable in installment over sixty (60) months. These loans are secured by certain transportation equipment of the Group (see Note 11).

Philippine Bank of Communications (PBCom)
In 2017, the Parent Company entered into a bridge funding agreement with PBCom. PBCom approved a P1.1 billion credit line under which the Parent Company drew down P500 million in 2017, P500 million in 2019 and P100 million in 2020. These loans are payable within five (5) years from date of drawdown. These loans bear 6% interest rate, payable quarterly in arrears and secured by certain condominium units and other properties mortgaged in favor of PBCom with total carrying amount of P2.1 billion as at December 31, 2020.

Philippine National Bank (PNB)
In 2019, the Parent Company availed working capital loans from Philippine National Bank with a total principal amount of P800 million which has been fully paid in 2020. The Parent Company availed new loans in 2020 with total principal amount of P100 million. These loans bear an interest of 5.25% annually and payable within three (3) months subject to extension upon lapse of the maturity date. Interest rates will then be re-evaluated to conform with the current period's rate. These loans are secured by the land in New Manila Quezon City with the carrying amount of P135.4 million (see Note 7).

Note Payable

RCBC Savings Bank
In 2019, PPMI availed of a five-year note payable amounting to P3,744,000 from a local bank to finance the purchase of transportation equipment. The note carries interest at 11.04% per annum. The loan was obtained in February 2019 and will mature in February 2024.

The movements in the note payable are summarized as follows:

	2020	2019
Balance at beginning of year	P3,261,341	P -
Availments of loan	-	3,744,000
Payments of principal	(528,947)	(482,659)
Balance at end of year	P2,732,394	P3,261,341

Outstanding balance of note is composed of the following:

	2020	2019
Payable within one year	P826,824	P968,952
Payable after one year	1,905,570	2,292,389
	P2,732,394	P3,261,341

Interest expense charged to profit or loss amounted to P278,513 and P324,801 in 2020 and 2019, respectively.

16. Related Party Transactions

The details of related party transactions and balances are as follows:

As at and for the year ended December 31, 2020:	Transactions	Outstanding balance	Terms and conditions
Sale of real estate inventories			Sales of condominium units to related parties are based on the effective price list and terms that would be available to third parties. The receivables are secured with related units until full payment; and payable monthly in two (2) years.
Principal Shareholder			
Greenhills Properties, Inc.			
Collections during the year	P73,863,594	P51,892,140	
Gain on repossession of asset	12,057,967	-	
Purchase of services			Purchases of services are negotiated with related parties on a cost-plus basis and are due 30 days after the end of the month. These receivables are unsecured and bear no interest and settled in cash.
Subsidiary			
Tektite Insurance Brokers, Inc.			
Purchase of services	7,945,497		
Payments during the year	(7,945,497)	-	
PRHC Property Managers, Inc.			
Purchase of services	-		
Payments during the year	-	-	
Advances			Advances to subsidiaries and associates are unsecured, non-interest bearing and to be settled in cash.
Alexandra (USA), Inc., Associate	-	132,417,765	
Le Cheval Holdings, Inc., Associate	-	122,248	
Meridian Assurance Corp. Associate	627	(16)	
Less: Allowance for impairment loss	(122,232)	(132,539,997)	
Balance, net	(121,605)	-	
Interest expense			In 2020, the Parent Company paid its 30% share on the interest expense of the loan related to contingency surplus.
Associate			
Meridian Assurance Corp.			
Payments during the year	(1,981,749)	-	

Forward

As at and for the year ended December 31, 2020:	**Transactions**	**Outstanding balance**	**Terms and conditions**
Key management personnel			Key management includes directors (executive and non-executive) and executive officers. Short-term benefits are payable monthly and termination benefits are payable upon retirement
Short-term benefits			
Salaries and other short-term employee benefits	**17,694,348**	-	
Termination benefits		-	
Provision for retirement benefits/PVO	**6,670,000**	-	

As at and for the year ended December 31, 2019:	**Transactions**	**Outstanding balance**	**Terms and conditions**
Sale of real estate inventories			Sales of condominium units to related parties are based on the effective price list and terms that would be available to third parties. The receivables are secured with related units until full payment; and payable monthly in two (2) years.
Principal Shareholder			
Greenhills Properties, Inc.			
Collections during the year	P39,556,687	P125,755,734	
Gain on repossession of asset	4,912,075	-	
Purchase of services			Purchases of services are negotiated with related parties on a cost-plus basis and are due 30 days after the end of the month. These receivables are unsecured and bear no interest and settled in cash.
Subsidiary			
Tektite Insurance Brokers, Inc.			
Purchase of services	5,725,628		
Payments during the year	(5,725,628)	-	
PRHC Property Managers, Inc.			
Purchase of services	-		
Payments during the year	(79,254)	-	
Advances			Advances to subsidiaries and associates are unsecured, non-interest bearing and to be settled in cash.
Alexandra (USA), Inc., Associate	-	132,417,765	
Le Cheval Holdings, Inc., Associate	19,955	122,248	
Meridian Assurance Corp. Associate	-	(643)	
Less: Allowance for impairment loss		(132,417,765)	
Balance, net	19,955	121,605	
Loans payable			
Associate			
Meridian Assurance Corp.			
Payments during the year	(50,000,000)	-	See Note 15.
Key management personnel			Key management includes directors (executive and non-executive) and executive officers. Short-term benefits are payable monthly and termination benefits are payable upon retirement
Short-term benefits			
Salaries and other short-term employee benefits	15,894,348	-	
Termination benefits	-	-	
Provision for retirement benefits/PVO	6,268,941	-	

Management Services

The Group provides general management services and financial management and supervision over the janitorial and security services for the efficient administration of the properties of GPI, the ultimate parent company, and third parties, collectively referred herein as property owners. In consideration for said services, the Group charges the property owners a fixed monthly amount, with a 10% escalation rate annually. These management contracts are renewable for a period of two (2) to three (3) years upon mutual agreement of both the Group and the property owners.

Advances to (from) related parties
The Parent Company's substantial receivables from AUI, an associate, which is intended to fund the latter's working capital requirement, represents non-interest-bearing advances with no fixed term with the option to convert to equity in case of increase in capital. Advances contributed by AUI's stockholders were in accordance with the percentage of ownership of the stockholders in AUI. With the imminent liquidation of AUI, the receivables have been fully provided with an allowance since 2011.

17. Retirement Benefit Plans

The Parent Company and TIBI operate funded, non-contributory defined benefit retirement plans covering substantially all of their regular employees. The plans are administered by local banks as trustee and provide for a lump-sum benefit payment upon retirement. The benefits are based on the employees' monthly salary at retirement date multiplied by years of credited service. No other post-retirement benefits are provided.

PPMI has an unfunded, noncontributory defined benefit retirement plan.

Through their defined benefit retirement plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

- *Asset volatility* - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit.

- *Inflation risk - Some of the Group retirement obligations are linked to inflation, and higher inflation will lead to* higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plans' assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out by an independent actuary on February 22, 2021 for the year ended December 31, 2020. The present values of the defined benefit obligations, the related current service costs and past service costs were measured using the Projected Unit Credit Method.

Key assumptions used for the Parent Company:

	Valuation at	
	2020	2019
Discount rate	**3.96%**	5.00%
Future salary increase	**4.00%**	4.00%

Key assumptions used for PPMI:

	Valuation at	
	2020	2019
Discount rate	**4.13%**	5.22%
Future salary increase	**6.00%**	6.00%

Key assumptions used for TIBI:

	Valuation at	
	2020	2019
Discount rate	**3.47%**	5.80%
Future salary increase	**3.00%**	5.00%

Assumptions regarding future mortality and disability are set based on actuarial advice in accordance with published statistics and experience.

The reconciliation of the present value of the defined benefit obligation (DBO) and the fair value of the plan assets to the recognized liability presented as accrued retirement liability in the consolidated statements of financial position is as follows:

	2020	2019
Present value of defined benefit obligation	**P101,087,591**	P87,327,537
Fair value of plan assets	**27,666,680**	32,006,878
Recognized liability	**P73,420,911**	P55,320,659

The movements in the present value of defined benefit obligation are shown below:

	2020	2019
Liability at beginning of year	**P87,327,537**	P56,239,182
Current service cost	**12,252,598**	7,574,137
Interest cost	**4,264,383**	3,542,455
Adjustments	**770,152**	-
Benefits paid from Company operating funds	**(5,501,967)**	(432,000)
Benefits paid from plan assets	**(5,265,029)**	-
Remeasurement losses (gains)		
Changes based on experience	**(3,762,130)**	3,050,851
Changes in financial assumptions	**11,002,047**	17,352,912
Liability at end of year	**P101,087,591**	P87,327,537

The movements in the plan assets are shown below:

	2020	2019
Fair value of plan assets at beginning of year	**P32,006,878**	P30,839,705
Contributions of the employers to the plans	**2,000,000**	-
Interest income	**1,920,140**	2,176,054
Adjustments	**319,841**	-
Benefits paid	**(5,265,029)**	-
Remeasurement loss		
Return on plan assets, excluding amounts included in interest income	**(3,315,150)**	(1,008,881)
Fair value of plan assets at end of year	**P27,666,680**	P32,006,878

The Group expects to contribute P17,817,298 to the retirement fund in 2021.

The major category of plan assets as of December 31, 2020 and 2019 are as follows:

	2020	2019
Cash and cash equivalents	**P21,197,981**	P22,942,530
Equity instruments	**6,463,059**	9,064,348
Accrued interest	**5,640**	-
	P27,666,680	P32,006,878

The retirement expense recognized in profit or loss consists of:

	2020	2019	2018
Current service cost	**P12,252,598**	P7,574,137	P9,524,942
Net interest on defined benefit liability	**2,344,243**	1,366,401	1,483,413
	P14,596,841	P8,940,538	P11,008,355

The retirement expense is recognized as part of employees' benefits under operating expenses in the consolidated statements of total comprehensive income.

The sensitivity analysis of the defined benefit obligation is:

	Increase (decrease) in basis points	**Effect on defined benefit obligation**
Discount rate	1.00%	(P5,313,643)
	(1.00%)	6,840,583
Future salary increase	1.00%	7,594,690
	(1.00%)	(4,754,161)

The above sensitivity analyses are based on changes in principal assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the retirement liability recognized in the consolidated statements of financial position.

The BOD reviews the level of funding required for the retirement fund. This includes the asset-liability matching (ALM) strategy and investment risk management policy. The Group's ALM objective is to match maturities of the plan assets to the retirement benefit obligation as they fall due. The Group monitors how the duration and expected yield of the investments are matching the expected cash outflows arising from the retirement benefit obligation.

As of December 31, 2020, the weighted average duration of defined benefit obligation is 19.63 years (2019: 20.15 years).

18. Provisions and Contingencies

Parent Company
In 1998, the Parent Company sued Universal Leisure Corporation (ULC) for failing to pay the remaining sales price of condominium units. ULC bought the penthouse unit located in the 34th floor of the West Tower of the Philippine Stock Exchange Centre and 74 parking slots located at the Podium 3 Parking Level of the West Tower under two Contracts to Sell. After paying the down payment, ULC refused to pay the balance due in the principal sums of P32.5 million and P32.4 million. In February 2004, a decision was rendered in favor of the defendant on the account that ULC is an assignee of receivables of DMCI Project Developers, Inc. (DMCI-PDI) and Universal Rightfield Property Holdings, Inc. (URPHI). These receivables are allegedly owed by the Parent Company to DMCI-PDI and URPHI as a result of cancellation of a joint venture agreement in 1996 entered into by the Parent Company, DMCI-PDI and URPHI. The Parent Company was ordered to either (i) deliver to ULC the titles of the condominium units and return to ULC, as assignee of defendants DMCI and URPHI, the amount of P24.7 million or; (ii) to return to ULC the amounts which have been paid including what have been deemed paid over the penthouse unit and the parking spaces, and pay attorney's fees of P600,000. The Parent Company appealed the decision to the Court of Appeals which affirmed the trial court's decision with modification

that reduced the attorney's fees from a total of P600,000 to P150,000. During 2011, the Parent Company provided an allowance of P15,507,800 for accounts receivable that are deemed not recoverable from ULC. In December 2012, the Parent Company filed a motion for Reconsideration and the same was denied. Thereafter, the Parent Company filed a Petition for Review on Certiorari with the Supreme Court where the matter resulted to amicable settlement and termination of legal proceedings.

In October 2018, the Parent Company initiated discussions on amicable settlement with ULC offering the return of the amounts paid and deemed paid for the penthouse unit and the 74 parking slots in exchange for getting back the said properties. The parties were able to execute a settlement agreement on February 19, 2019, wherein the Parent Company will pay ULC a total amount of P231,000,000, covering the return of the amounts paid/deemed paid by ULC (for itself and as assignee of DMCI-PDI and URPHI) for the penthouse unit located in the 34th floor, West Tower of the Philippine Stock Exchange Centre (formerly Tektite Towers) containing a floor area of 2,370 square meters and 74 parking slots located at the Podium 3 Parking Level of the West Tower of the Philippine Stock Exchange Centre which shall all be returned to the Parent Company, plus total legal fees of P150,000.

With the settlement, ULC allowed the Parent Company to withdraw P18,808,073 from the joint account set-up for the discontinued joint venture project by and among the Company, DMCI-PDI and URPHI. DMCI-PDI and URPHI contributed the funds in the joint venture account. The Parent Company had to reverse the sale transactions it previously booked and reinstated the investment properties returned at their cost of P180.62 million and had to recognize a net loss on the settlement of P62.07 million (see Note 25).

The Parent Company is also a party to legal claims that arise in the ordinary course of business, the outcome of which is not presently determinable. The Parent Company and its legal counsel, however, believe that final settlement, if any, will not be material to the Parent Company's financial results.

Subsidiaries
Certain subsidiaries are defendants or parties in various lawsuits and claims involving civil and labor cases. In the opinion of the subsidiaries' management, these lawsuits and claims, if decided adversely, will not involve sums having material effect on the subsidiaries' financial position or results of operations.

Management believes that the final settlement, if any, of the foregoing lawsuits or claims would not adversely affect the Group's financial position or results of operations.

Accordingly, no provision has been made in the accounts for these lawsuits and claims.

19. Management Fees

The Group provides general management services and financial management and supervision over the janitorial and security services through PPMI. In consideration for the said services, the Group charges the property owners a fixed monthly amount with a 10% escalation rate annually. These management contracts are renewable for a period of two (2) to three (3) years upon mutual agreement of both PPMI and the property owners. The Group is entitled to fixed reimbursement of actual cost of the on-site staff. The total income from management fees amounted to P42.85 million, P42.95 million and P34.05 million in 2020, 2019 and 2018, respectively.

20. Commission

The Group's commission income was derived from the following activities:

	2020	2019	2018
Insurance brokerage	**P4,455,984**	P5,727,141	P6,583,300
Others	**-**	-	92,726
	P4,455,984	P5,727,141	P6,676,026

21. Interest Income

The Group's interest income was derived from the following:

	Note	2020	2019	2018
Sublease	*12*	**P10,875,595**	P10,405,989	P -
Trade receivables	*6*	**2,016,397**	2,484,558	1,020,842
Cash and cash equivalents	*3*	**836,357**	1,211,762	2,401,445
Others		**-**	595,589	152,517
		P13,728,349	P14,697,898	P3,574,804

22. Other Income

The account consists of:

	Note	2020	2019	2018
Gain on fair value adjustment of investment properties	*10*	**P286,750,907**	P546,695,730	P511,432,937
Gain on sublease	*12*	**-**	139,125,678	-
Gain on money market investments		**-**	1,191,166	-
Dividend income	*5*	**-**	716,722	626,337
Reversal of various payables and accruals		**-**	24,484	109,006,274
Unrealized foreign exchange gain		**-**	-	1,809,732
Others	*6,16*	**23,425,204**	8,618,937	38,656,658
		P310,176,111	P696,372,717	P661,531,938

In 2018, the Group reversed its long outstanding balances of retention and other payables.

Others mainly consists of reversal of allowance for impairment losses on receivables and gain on repossession of assets.

23. Cost of Services

The account consists of:

	Note	2020	2019	2018
Salaries, wages, and other benefits		**P25,810,786**	P26,911,745	P27,803,914
Taxes and licenses		**23,352,566**	10,304,356	6,172,262
Condominium dues	*10*	**10,127,213**	11,117,177	9,247,509
Depreciation and amortization				
ROU assets	*12*	**8,430,511**	-	-
Property and equipment	*11*	**-**	-	68,195
Utilities		**4,283,890**	4,238,935	2,892,057
Outside services		**3,745,552**	6,288,051	11,065,543
Insurance and bond premiums		**2,050,936**	3,127,328	2,270,615
SSS, Pag-IBIG and other contributions		**1,787,728**	1,717,588	1,298,923
Repairs and maintenance		**788,667**	2,377,622	1,226,447
Rental	*12*	**604,252**	546,389	663,572
Commission		**357,785**	1,785,976	864,270
Supplies and materials		**258,385**	1,182,353	1,463,359
Employees' welfare		**77,419**	227,813	1,944,651
Transportation and travel		**-**	-	25,648
Others		**1,479,285**	2,376,492	3,484,214
		P83,154,975	P72,201,825	P70,491,179

Others include various expenses that are individually insignificant.

24. General and Administrative Expenses

The account consists of:

	Note	2020	2019	2018
Salaries, wages, and other benefits		**P83,787,422**	P74,824,822	P61,310,140
Taxes and licenses		**51,393,428**	56,292,444	40,926,242
Marketing expense		**47,599,104**	164,028,600	194,616,920
Professional fees		**20,094,194**	19,684,880	27,994,929
Transportation and travel		**16,448,165**	13,652,839	35,247,324
Depreciation and amortization				
Property and equipment	*11*	**14,756,859**	16,502,235	13,410,703
ROU assets	*12*	**1,264,984**	9,695,495	-
Provision for retirement benefits	*17*	**14,596,841**	8,940,538	11,008,355
Repairs and maintenance		**7,304,244**	3,060,696	144,552
Insurance and bond premiums		**5,570,144**	8,488,329	11,108,663
Provision for impairment loss on trade and other receivables	*6*	**5,107,257**	80,758,365	26,262,781
Outside services		**5,044,580**	5,095,746	6,974,218
Condominium dues		**5,044,517**	5,692,247	11,826,094
SSS, Pag-IBIG, Medicare and other benefits		**4,943,382**	15,894,347	11,202,768
Utilities		**3,076,739**	2,161,708	2,459,768
Postage and communication		**2,055,719**	1,588,988	1,920,092
Representation and entertainment		**644,978**	167,868	17,738,010

Forward

	Note	2020	2019	2018
Supplies and materials		**P154,644**	P144,293	P141,468
Corporate social responsibility		**100,000**	5,625	869,372
Rental	12	**77,539**	86,844	-
Provision for impairment loss on property and equipment	11	-	19,406,340	-
Membership dues		-	108,850	-
Impairment loss on other assets		-	-	16,637,343
Miscellaneous		**6,867,826**	6,096,247	14,742,204
		P295,932,566	P512,378,346	P506,541,946

Miscellaneous expenses include PSE fees, trainings and seminars, donations and contributions, fines, penalties and various petty expenses.

25. Other Expenses

The account consists of:

	Note	2020	2019	2018
Foreign exchange loss		**P1,183,942**	P403,018	P -
Bank charges		**447,417**	206,995	372,073
Loss on money market investment		**29,041**	-	886,578
Loss on settlement of lawsuit	18	-	-	62,066,927
Loss on disposal of property and equipment		-	-	308,313
Others		-	1,637	88
		P1,660,400	P611,650	P63,633,979

26. Income Taxes

The components of income tax expense are as follows:

	2020	2019	2018
Current	**P3,629,744**	P18,780,222	P15,037,882
Deferred	**79,126,494**	193,447,090	163,802,340
	P82,756,238	P212,227,312	P178,840,222

The reconciliation of the provision for income tax expense computed at the statutory rate to the provision shown in the consolidated statements of total comprehensive income is as follows:

	2020	2019	2018
Income before income tax	**P122,599,591**	P697,116,425	P569,774,005
Income tax expense	**P36,779,877**	P209,134,927	P170,932,203
Additions to (reductions in) income tax resulting from the tax effects of:			
Movement on unrecognized deferred tax assets	**34,069,759**	(38,547,350)	(12,570,995)
Non-deductible expenses	**12,777,838**	43,844,881	24,771,866
Unrecognized NOLCO	**1,310,840**	-	-
Retirement obligation	**120,318**	-	-
Limit on interest expense	**92,914**	132,600	126,329
Gain on changes in fair value of investment property of a subsidiary	**(2,144,400)**	(1,759,200)	(248,400)
Interest income subjected to final tax	**(250,908)**	(363,529)	(329,723)
Impairment loss on trade and other receivables and advances to associates	-	-	7,500,598
Dividend income	-	(215,017)	(187,901)
Reversal of accruals and payables	-	-	(11,153,755)
	P82,756,238	P212,227,312	P178,840,222

The Group is subject to either the 30% regular income tax or 2% minimum corporate income tax (MCIT), whichever is higher. The excess MCIT over the regular income tax shall be carried forward and applied against the regular income tax due for the next three consecutive taxable years.

The details of the Group's MCIT are as follows:

Year Incurred	Expiry date	Amount	Applied	Expired	Balance
2020	2023	P2,817,051	P -	P -	P2,817,051
2019	2022	116,761	-	-	116,761
2018	2021	149,642	-	-	149,642
2017	2020	66,087	-	(66,087)	-
		P3,149,541	P -	(P66,087)	P3,083,454

In 2020, the Group incurred NOLCO amounting to P112,782,799 which can be claimed as deduction against future taxable income until 2025, in accordance to Revenue Regulations No. 25-2020 issued on September 30, 2020. Under Section 4 of this regulation, the business or enterprise which incurred net operating loss for taxable years 2020 and 2021 shall be allowed to carry over the same as a deduction from its gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

The details of the Group's NOLCO are as follows:

Year Incurred	Expiry date	Amount	Applied	Expired	Balance
2020	2025	P112,782,799	P -	P -	P112,782,799
2019	2022	169,635	-	-	169,635
2018	2021	2,908,601	(40,925)	-	2,867,676
2017	2020	1,328,004	-	(1,328,004)	-
		P117,189,039	(P40,925)	(P1,328,004)	P115,820,110

The components of the net deferred income tax assets and liabilities recognized by the Group are as follows:

	2020		2019	
	Tax Base	**Deferred Tax**	Tax Base	Deferred Tax
Deferred tax assets:				
Provision for retirement benefits	**P70,935,577**	**P21,280,673**	P53,686,693	P16,106,008
Deferred rent income	**39,461,577**	**11,838,473**	41,552,793	12,465,838
Rent expense derecognized due to PFRS 16	**3,814,093**	**1,144,228**	1,859,500	557,850
Unrealized foreign exchange loss	**1,198,643**	**359,593**	381,073	114,322
Impairment loss on receivables	**600,408**	**180,122**	600,407	180,122
	116,010,298	**34,803,089**	98,080,466	29,424,140
Deferred tax liabilities:				
Gain on fair value adjustment of investment properties	**1,667,828,770**	**500,348,631**	1,388,225,860	416,467,758
Gain on sublease	**129,650,757**	**38,895,227**	134,579,163	40,373,749
Accrued rent receivable	**1,615,657**	**484,697**	248,343	74,503
Unrealized foreign exchange gain	**-**	**-**	4,912,073	1,473,622
	1,799,095,184	**539,728,555**	1,527,965,439	458,389,632
	(P1,683,084,886)	**(P504,925,466)**	(P1,429,884,973)	(P428,965,492)

The recognized deferred tax assets were from the Parent Company and PPMI.

The Group's unrecognized deferred tax assets pertain to the following:

	2020		2019	
	Tax Base	**Deferred Tax**	Tax Base	Deferred Tax
Allowance for impairment loss on receivables	**P333,318,409**	**P99,995,523**	P336,960,047	P101,088,014
Net operating loss carry-over	**114,640,884**	**34,392,265**	1,835,663	550,699
Allowance for impairment loss on investments in subsidiaries and associates	**55,618,197**	**16,685,459**	19,918,197	5,975,459
MCIT	**3,083,454**	**3,083,454**	12,164	12,164
Accrued retirement benefit expense	**2,485,337**	**745,601**	-	-
Allowance for impairment loss on advances to associates	**-**	**-**	199,473	59,842
	P509,146,281	**P154,902,302**	P358,925,544	P107,686,178

The deferred tax assets have not been recognized in respect of the above items because it is not probable that sufficient future profit will be available against which the Group can utilize the benefits there from.

27. Capital and Treasury Stock

Movements in the Group's capital stock are as follows:

	2020	2019	2018
Authorized			
8,000,000,000 common shares at P0.50 par value	**P4,000,000,000**	P4,000,000,000	P4,000,000,000
Issued and outstanding			
3,688,869,745 shares	**1,844,434,873**	1,844,434,873	1,844,434,873
Subscribed			
1,314,711,262 shares	**657,355,632**	657,355,632	657,355,632
Subscriptions receivable			
Beginning balance	**(157,564,260)**	(157,592,010)	(157,592,010)
Collection	**-**	27,750	-
	499,791,372	499,791,372	499,763,622
Total capital stock	**2,344,226,245**	2,344,226,245	2,344,198,495
Additional paid-in capital	**557,014,317**	557,014,317	557,014,317
	P2,901,240,562	P2,901,240,562	P2,901,212,812
Treasury stock	**P110,049,633**	P110,049,633	P109,712,439

In 2019, TIBI acquired shares of the Parent Company amounting to P337,194.

28. Reserves

This account consists of:

	Note	2020	2019	2018
Appropriated retained earnings for:				
Treasury stock acquisitions				
Balance at beginning of year		**P109,712,439**	P109,712,439	P250,000,000
Movements during the year		**-**	-	(140,287,561)
Balance at end of year		**109,712,439**	109,712,439	109,712,439
Revaluation on FVOCI				
Balance at beginning of year		**(25,988,878)**	(20,349,330)	(24,132,038)
Movements during the year		**5,316,590**	(5,639,548)	(15,449,606)
Effect of adoption of PFRS 9		**-**	-	17,308,122
Disposal		**-**	-	1,924,192
Balance at end of year	*5*	**(20,672,288)**	(25,988,878)	(20,349,330)
Remeasurement loss on retirement benefit obligation				
Balance at beginning of year		**(37,347,443)**	(22,660,993)	(30,798,437)
Movements during the year - gross		**(10,555,065)**	(19,994,388)	11,624,918
Movements during the year - tax		**3,166,519**	5,307,938	(3,487,474)
Balance at end of year		**(44,735,989)**	(37,347,443)	(22,660,993)
Others		**-**	-	238,062
		P44,304,162	P46,376,118	P66,940,178

29. Non-controlling Interest

	2020	2019
UTC		
January 1	**P2,036,275**	P2,041,917
Share in net loss	**(12,018)**	(5,642)
December 31	**2,024,257**	2,036,275
Recon-X Energy Corporation		
January 1	**(18,030,747)**	(7,208,594)
Share in net loss	**(2,041,948)**	(10,822,153)
December 31	**(20,072,695)**	(18,030,747)
	(P18,048,438)	(P15,994,472)

30. Earnings Per Share

	2020	2019	2018
Net income attributable to equity holders of Parent Company	**P41,897,319**	P495,717,398	P392,632,613
Weighted average no. of common shares issued and outstanding	**4,877,907,002**	4,877,907,002	4,877,907,002
Income per share	**P0.01**	P0.10	P0.08

The weighted average number of common shares was computed as follows:

	2020	2019	2018
Issued and outstanding shares	**3,688,869,745**	3,688,869,745	3,688,869,745
Subscribed shares	**1,314,711,262**	1,314,711,262	1,314,711,262
Treasury shares	**(125,674,005)**	(125,674,005)	(125,674,005)
Average number of shares	**4,877,907,002**	4,877,907,002	4,877,907,002

The Group has no potential dilutive shares as at December 31, 2020, 2019 and 2018.

31. Significant Accounting Policies

Adoption of New and Revised Standards, Amendments to Standards and Interpretations

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the Group's financial statements for the year ended December 31, 2020, except for the adoption of the following new standards and amended PFRS which became effective January 1, 2020. Unless otherwise indicated, none of these had a significant effect on the financial statements.

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

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material.* The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgments.

New and Amended Standards and Interpretation Not Yet Adopted
A number of new and amended standards and interpretations are effective for annual periods beginning after January 1, 2020 and have not been applied in preparing the financial statements. Unless otherwise indicated, none of these is expected to have a significant effect on the financial statements. The Group will adopt the following new and amended standards and interpretations on the respective effective dates:

Effective beginning on or after January 1, 2020

- Amendments to PFRS 16, *COVID-19-related Rent Concessions* provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. It also requires lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications, to disclose that fact and apply the exemption retrospectively in accordance with PAS 8 but not require them to restate prior period figures.

  The amendment is effective for annual reporting periods beginning on or after June 1, 2020. Earlier application is permitted, including in financial statements not yet authorized for issue at May 28, 2020.

- Amendments to PFRS 3, *Reference to the Conceptual Framework* refer to amendments to PFRS 2, 3, 6 and 14, IAS 34, 37 and 38, IFRIC 12, 19, 20 and 22, and SIC-32 to update references to and quotes from the framework so that they refer to the revise Conceptual Framework.

  The amendments, where they actually are updates, are effective for annual periods beginning on or after January 1, 2022.

- Amendments to PAS 16, *Property, Plant and Equipment – Proceeds before Intended Use* prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asst to the location and condition necessary for it to be capable of operating in the manner intended by the management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.
  The amendments are effective for annual periods beginning on January 1, 2022.

- Amendments to PAS 37, *Onerous Contracts – Cost of Fulfilling a Contract* specify that the "cost of fulfilling" a contract comprises the "costs that relate directly to the contract". Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

  The amendments are effective for annual periods beginning on January 1, 2022. Early application is permitted. Entities apply the amendments to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated.

- Annual Improvements to PFRS Standards 2018-2020

  - PFRS 1, *First-time Adoption of PFRS* permits a subsidiary that applies paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to PFRSs.

  - PFRS 9, *Financial Instruments* clarifies which fees an entity includes when it applies the '10 percent' test in paragraph B3.3.6 of PFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

  - PFRS 16, *Leases* amends Illustrative Example 13 accompanying PFRS 16 which removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

    The amendments are effective for annual periods beginning on January 1, 2022.

- Amendments to PAS 1, Classification of Liabilities as Current or Non-current affect only the presentation of liabilities in the statement of financial position, not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:

  - clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;

  - clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and

  - make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

  The amendments are effective for annual periods beginning on January 1, 2023.

Philippine Interpretations Committee Question and Answers (PIC Q&As) Issued in 2020 which are Subject to Approval by the BOA

- PIC Q&A No. 2020-02, *Conclusion on PIC QA 2018-12E: On certain materials delivered on site but not yet installed*

  This Q&A aims to provide guidance on how should the uninstalled materials be considered in measuring the progress of the performance obligation.

- PIC Q&A No. 2020-03, *Q&A No. 2018-12-D: STEP 3 – On the accounting of the difference when the percentage of completion is ahead of the buyer's payment*

  This Q&A aims to account the difference between the percentage of completion (POC) and the buyer's payment with the POC being ahead.

- PIC Q&A No. 2020-04, *PFRS 15 - Step 3 - Requires and Entity to Determine the Transaction Price for the Contract (Addendum to PIC Q&A 2018-12-D)*

  This Q&A aims to provide guidance in determining the transaction price considering the mismatch of the POC and schedule of payments.

- PIC Q&A No. 2020-05, *PFRS 15 - Accounting for Cancellation of Real Estate Sales (Supersedes Q&A 2018-14)*

  This Q&A aims to provide guidance on the following:

  - How should the Company account the sales cancellation and repossession of the property

    Three approaches are acceptable but each approach should be applied consistently:

Approach 1:	The repossessed property is recognized at its fair value less cost to repossess
Approach 2:	The repossessed property is recognized at its fair value plus repossession cost
Approach 3:	The cancellation is accounted for as a modification of the contract

  - Would the accounting for the repossession change if the repossessed property is already 100% completed

- PIC Q&A No. 2020-06, *PFRS 16 Accounting for payments between and among lessors and lessees*

  This Q&A aims to provide guidance on the accounting treatment, from both the lessor's and the lessee's perspectives, in respect of the payments made between and among lessors and lessees.

- PIC Q&A No. 2020-07, *PAS 12 – Accounting for the Proposed Changes in Income Tax Rates under the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) Bill*
  This Q&A aims to provide guidance on the following:

  - Is the CREATE Bill considered substantively enacted as of December 31, 2020,
  - Is the subsequent enactment of CREATE Bill considered an adjusting event, and
  - Impact on the calendar year (CY) 2020 and CY2021 financial statements of companies covered by the reduction of income tax rates

The Group is currently assessing the impact of the issued PIC Q&As.

New Standard and Amendments to Standards Effective on or after January 1, 2021 but Not Applicable to the Group

- PFRS 17, Insurance Contracts
- Annual improvement to *PAS 41, Agriculture to ensure consistency with the requirements in PFRS 13*

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements.

Basis of Consolidation
The consolidated financial statements incorporate the financial statements of the Parent Company and entities controlled by the Parent Company, the subsidiaries, up to December 31 each year. Details of the subsidiaries are shown in Note 36.

The consolidated financial statements were prepared using uniform accounting policies for like transactions and other events in similar circumstances. Inter-company balances and transactions, including inter-company profits and unrealized profits and losses, are eliminated.

Subsidiaries
Subsidiaries are all entities over which the Group has control. The Parent Company controls an entity when the Parent Company 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Parent Company. They are deconsolidated from the date that control ceases.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired i.e. discount on acquisition is credited to profit and loss in the period of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognized. Subsequently, any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the Parent Company.

Acquisition-related costs are expensed as incurred.

Changes in ownership interests in subsidiaries without change of control
Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Associates and joint ventures
An associate is an entity over which the Parent Company is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

A joint arrangement is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a joint venture is a joint arrangement that involves the establishment of a separate entity in which each venturer has an interest.

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

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

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

The reporting dates of the investee companies and the Group are identical and the investee companies' accounting policies conform to those used by the Group for like transactions and events in similar circumstances. Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

Business Combination
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree at fair value of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

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

Segment Information
The Group's operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on operating segments is presented in Note 36 to the financial statements. The Chief Executive Officer (the chief operating decision maker) reviews management reports on a regular basis.

The measurement policies the Group used for segment reporting under PFRS 8 are the same as those used in the financial statements. There have been no changes in the measurement methods used to determine reported segment profit or loss from prior periods. All inter-segment transfers are carried out at arm's length prices.

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation.

For management purposes, the Group is currently organized into five business segments. These divisions are the basis on which the Group reports its primary segment formation.

The Group's principal business segments are as follows:

a. Sale of Real Estate and Leasing
b. Property Management
c. Insurance Brokerage
d. Holding Company
e. Travel Services (discontinued as of July 31, 2018)

The Group's resources producing revenues are all located in the Philippines. Therefore, geographical segment information is not presented.

Cash and Cash Equivalents
Cash includes cash on hand and in banks and is stated at its face value. Cash in banks earns interest at the prevailing interest rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities of three (3) months or less from the date of acquisition and that are subject to an insignificant risk of change in value.

Financial Assets and Liabilities

Financial Assets

Recognition
Financial assets or a financial liability are recognized in the Group's consolidated financial statements when the Group becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition is done using settlement date accounting.

Financial assets are recognized initially at fair value of the consideration given (in case of an asset) or received (in case of a liability). Transaction costs are included in the initial measurement of the Group's financial assets, except for investments classified as at fair value through profit or loss. Subsequently, financial assets are recognized either at fair value or at amortized cost.

Classification
The Group classifies its financial assets, at initial recognition, in the following categories: financial assets at amortized cost, financial assets at FVOCI and financial assets at FVPL. The classification depends on the business model of the Group for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets are not reclassified subsequent to initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

Financial Assets at Amortized Cost. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, the financial assets are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition, and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are reclassified to FVPL, impaired or derecognized, as well as through the amortization process.

The Group's cash and cash equivalents, trade and other receivables and advances to associates are included under this category.

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

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

The Group's financial assets at fair value through OCI includes investments in quoted and unquoted equity instruments.

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

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

The Group's investments in equity instruments at FVPL are classified under this category.

Impairment

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

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

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

For cash and cash equivalents, the Group 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 Group'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 Group uses the external independent ratings to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

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

The key inputs in the model include the Group's definition of default and historical data of three years for the origination, maturity date and default date. The Group considers trade receivables in default when contractual payment are 90 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 Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

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

The Group considers that there has been a significant increase in credit risk 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 significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12- months ECL.

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

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

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group is required to repay.

Financial liabilities

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

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

The Group's financial liabilities include trade and other payables (except for payables to government), other non-current liabilities and loans and note payable.

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

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

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

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

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings
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 statement of profit or loss.

This category generally applies to loans payable.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statements of total comprehensive income.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Prepayments
Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to income as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the consolidated statements of financial position as current asset when the cost of goods or services related to the prepayment are expected to be incurred within one (1) year or the Group's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non-current assets.

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

Cost includes amounts paid to contractors for construction, borrowing costs, planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

Net realizable value 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 to sell.

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

The provision account, if any, is reviewed on a monthly basis to reflect the reasonable valuation of the Group's inventories. Inventory items identified to be no longer recoverable is written-off and charged as expense for the period.

Real estate held for development is measured at lower of cost and NRV. Expenditures for development and improvements of land are capitalized as part of the cost of the land. Directly identifiable borrowing costs are capitalized while the development and construction is in progress.

Property and Equipment
Property and equipment are initially measured at cost which consists of its purchase price and costs directly attributable to bringing the asset to its working condition for its intended use and are subsequently measured at cost less any accumulated depreciation, amortization and impairment losses, if any.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	Number of years
Condominium units	20
Building	25
Building improvements	5 to 10
Office furniture, fixtures and equipment	3 to 10
Transportation and other equipment	5
Leasehold and office improvements	5

The assets' residual values, estimated useful lives and depreciation and amortization methods are reviewed periodically to ensure that the amounts, periods and methods of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect of those assets.

Derecognition
An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal at which time, the cost and their related accumulated depreciation are removed from the accounts. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Investment Properties
Investment properties comprised completed property and property under development or re-development that are held to earn rentals or capital appreciation or both and that are not occupied by the Group. Investment property is initially measured at cost incurred in acquiring the asset and subsequently stated at fair value. Revaluations are made with sufficient regularity by external independent appraisers to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the period. The external independent appraiser uses sales comparison approach in arriving at the value of the properties. In this approach, the value of the properties is based on sales and listings of comparable properties. This is done by adjusting, the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity or at different floor levels of the same building. Comparison would be premised on factors such as location, size and physical attributes, selling terms, facilities offered and time element.

A gain or loss arising from a change in the fair value of investment property is recognized in profit or loss for the period in which it arises.

A transfer is 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. A transfer is 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. A transfer between investment property, owner-occupied property and inventory does not change the carrying amount of the property transferred nor does it change the cost of that property for measurement or disclosure purposes.

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

Impairment of Non-financial Assets
At each reporting date, the Group assesses whether there is any indication that any of its non-financial assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

The recoverable amount of the non-financial asset is the higher of fair value less costs of disposal and value-in-use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense.

When an impairment loss reverses subsequently, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years. A reversal of an impairment loss is recognized in profit or loss.

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

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

- Level 3: Inputs for the asset or liability that are not based on observable market data.

Equity
An equity instrument is any contract that evidences a residual interest in the assets of the Parent Company after deducting all of its liabilities. Distribution to the Parent Company's shareholders is recognized as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Parent Company's Board of Directors.

Capital stock
Capital stock is classified as equity when there is no obligation to the transfer of cash or other assets. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Additional paid-in capital
Additional paid-in capital pertains to premium paid over the par value of shares.

Retained earnings
Retained earnings include all the accumulated income (loss) of the Group, dividends declared and share issuance costs. Retained earnings is net of amount offset from additional paid-in capital arising from the quasi-reorganization.

Treasury stock
The Parent Company's equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statements of total comprehensive income on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Employee Benefits

Short-term benefits
The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Group to its employees include salaries and wages, social security contributions, short-term compensated absences, bonuses and non-monetary benefits.

Post-employment benefits
The Group's net obligation in respect of its defined benefit plan is calculated by estimating the amount of the future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of the defined benefit obligation (DBO) is performed on a periodic basis by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the DBO at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss.

The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Revenue Recognition

Revenue from contracts with customers

Revenue from real estate sales
The Parent Company primarily derives its real estate revenue from the sale of vertical real estate projects. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Parent Company expects to be entitled in exchange for those goods or services.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 32.

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

In measuring the progress of its performance obligation over time, the Parent Company uses the output method. The Parent Company recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to date. This is based on the monthly project accomplishment report prepared by the third-party surveyor as approved by the construction manager which integrates the surveys of performance to date of the construction activities for both sub-contracted and those that are fulfilled by the developer itself.

Revenue from sales of completed real estate projects is accounted for using the full accrual method.

Any excess of collections over the recognized receivables are included in the "Deposits and other current liabilities" account in the liabilities section of the consolidated statements of financial position.

If any of the criteria under the full accrual or percentage-of-completion method is not met, the deposit method is applied until all the conditions for recording a sale are met. Pending recognition of sale, cash received from buyers are presented under the "Deposits and other current liabilities" account in the liabilities section of the consolidated statements of financial position.

The Group also derives its revenue from management fee, commission, rental and interest income for which the Group assessed that there is only one performance obligation. Revenue from contracts with customers is recognized at a point in time when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Management fee
Management fee is recognized when the related services have been performed in accordance with the terms and conditions of the management agreement and applicable policies.

Commission income
Commission income is recognized when the real estate and insurance brokering services have been performed in accordance with the terms and conditions of the agreement, commission scheme and applicable policies. Commission income recognized is the amount earned as an agent and excludes amounts collected on behalf of the principal.

Interest income
Interest income is accrued on a time proportion basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income
Rent income from operating leases is recognized as income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Miscellaneous income
Miscellaneous income is recognized when earned.

Cost recognition from real estate sales
Cost of real estate sales is recognized consistent with the revenue recognition method applied and is determined with reference to the specific, including estimated costs, on the property allocated to sold area. Cost of residential and commercial lots and units sold before the completion of the development is determined on the basis of the acquisition cost of the land plus its full development costs, which include estimated costs for future development works, as determined by the Parent Company's in-house technical staff.

Estimated development costs include direct land development, shared development cost, building cost, external development cost, professional fees, post construction, contingency, miscellaneous and socialized housing. Miscellaneous costs include payments such as permits and licenses, business permits, development charges and claims from third parties which are attributable to the project. Contingency includes fund reserved for unforeseen expenses and/ or cost adjustments. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts are considered as special budget appropriations that are approved by management and are made to form part of total project costs on a prospective basis and allocated between costs of sales and real estate inventories.

Cost and Expense Recognition
Costs and expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Costs and expenses are recognized in profit or loss on the basis of: (i) a direct association between the costs incurred and the earning of specific items of income; (ii) systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or (iii) immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify for recognition in the consolidated statements of financial position as an asset.

Cost and expenses in the consolidated statements of total comprehensive income are presented using the function of expense method. General and administrative expenses are costs attributable to general, administrative and other business activities of the Group.

Borrowing Costs
Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they were

incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs are capitalized from the commencement of the development work until the date of practical completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

Leases

The Group has applied PFRS 16 using the modified retrospective approach and therefore comparative information has not been restated and is presented under PAS 17. The details of accounting policies under both PAS 17 and IFRS 16 are presented separately below.

Policies effective 1 January 2019

The Group as Lessee
The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under PAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies PAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property and Equipment' policy.

Short-term leases with terms of less than 12 months or lease of low value assets are expensed as incurred.

The Group as lessor
The Group enters into lease agreements as a lessor with respect to some of its investment properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

When a contract includes lease and non-lease components, the Group applies PFRS 15 to allocate the consideration under the contract to each component.

Policies effective prior to 1 January 2019

Leases

Group as Lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Fixed lease payments are recognized as an expense in the consolidated statements of total comprehensive income on a straight-line basis while the variable rent is recognized as an expense based on terms of the lease contract.

Group as Lessor
Leases where the Group 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 the consolidated statements of total comprehensive income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Foreign Currency Transactions and Translation
Transactions in currencies other than Philippine peso are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are restated at the rates prevailing on the reporting date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange gains or losses arising from foreign exchange transactions are credited to or charged against operations for the year.

Income Tax
Income tax expense for the year comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is calculated on the basis of the tax laws enacted at the reporting date. Management periodically evaluates positions in income tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized. The Group reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority and the same taxable entity.

Provisions and Contingencies

Provisions are recognized when the Group has a present obligation, either legal or constructive, as a result of a past event; when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and; when the amount of the obligation can be estimated reliably. When the Group expects reimbursement of some or all of the expenditure required to settle a provision, the entity recognizes a consolidated asset for the reimbursement only when it is virtually certain that reimbursement will be received when the obligation is settled.

The amount of the provision recognized is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. A provision is measured using the cash flows estimated to settle the present obligation; its carrying amount is the present value of those cash flows.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent liabilities are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent liabilities are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

Related Party Relationships and Transactions

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Earnings per Share

Basic earnings per share

The Group computes its basic earnings per share by dividing net profit attributable to common equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the period.

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares.

Events After the Reporting Date

The Group identifies events after the reporting date as events that occurred after the reporting date but before the date the consolidated financial statements were authorized for issue. Any subsequent event that provides additional information about the Group's financial position at the reporting date is reflected in the consolidated financial statements. Non-adjusting subsequent events are disclosed in the notes to the consolidated financial statements when material.

32. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

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

Revenue and cost recognition on real estate projects
The Parent Company's revenue recognition and cost policies require management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Parent Company's revenue from real estate and construction contracts is recognized based on the percentage of completion and are measured principally on the basis of the estimated completion of a physical proportion of the contract work. Apart from involving significant estimates in determining the quantity of inputs such as materials, labor and equipment needed, the assessment process for the POC is complex and the estimated project development costs requires technical determination by management's specialists (project engineers).

Similarly, the commission is determined using the percentage of completion.

Provision for expected credit losses of trade receivables
The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

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

The Group uses historical loss rates as input to assess credit risk characteristics. The Group determines the appropriate receivables groupings based on shared credit risk characteristics such as revenue type, collateral or type of customer. The historical loss rates are adjusted to reflect the expected future changes in the portfolio condition and performance based on economic conditions and indicators such as inflation and interest rates that are available as at the reporting date.

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

The information about the ECLs on the Group's trade receivables is disclosed in Notes 6 and 34.

Estimating useful lives of assets
The useful lives of assets are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives of assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the Group's assets. In addition, the estimation of the useful lives is based on the Group's collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of assets would increase the recognized operating expenses and decrease non-current assets.

Evaluation of net realizable value of real estate inventories
The Parent Company adjusts the cost of its real estate inventories to net realizable value based on its assessment of the recoverability of the assets. In determining the recoverability of the assets, management considers whether those assets are damaged or if their selling prices have declined. Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

Results of management's assessment disclosed that there is no need for provision for impairment of inventories as at December 31, 2020 and 2019.

Revenue recognition
When a contract for the sale of a property upon completion of construction is judged to be a construction contract, revenue is recognized using the percentage-of-completion method as construction progresses. The Group considers the terms and conditions of the contract, including how the contract was negotiated and the structural elements that the customer specifies when identifying individual projects as construction contracts. The percentage of completion is estimated by reference to the stage of the projects and contracts determined based on the proportion of contract costs incurred to date and the estimated costs to complete.

The Group assesses its revenue arrangements to determine if it is a principal or an agent. The Group is acting as a principal when it has exposure to the significant risks and rewards with the sales transactions or rendering of services. The Group is acting as an agent when it does not have exposure to the significant risks and rewards associated with the sales transactions or rendering of services.

Post-employment and other employee benefits
The present value of the retirement obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of retirement obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement obligations. In determining the appropriate discount rate, the Group considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related retirement obligation.

Other key assumptions for retirement obligations are based in part on current market conditions. Additional information is disclosed in Note 17.

Retirement obligation as at December 31, 2020 and 2019 amounted to P73,420,911 and P55,320,659, respectively.

Estimating fair value of investment property
The Group obtained the services of an independent valuer who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment properties being valued. An independent valuation of the Group's investment properties was performed by appraisers to determine their fair values. The valuation was determined by reference to sales and listing of comparable properties.

Recoverability of deferred tax assets
The Group reviews the carrying amounts at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Group will generate sufficient

taxable profit to allow all or part of its deferred tax assets to be utilized. The Group considers that it is impracticable to disclose with sufficient reliability the possible effects of sensitivities surrounding the utilization of deferred tax assets.

Total unrecognized deferred tax assets amounted to P154,902,302 and P107,686,178 as at 2020 and 2019, respectively (See Note 26).

Impairment losses on non-financial assets
The Group performs an impairment review when certain impairment indicators are present. Determining the fair value of non-financial assets, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause the Group to conclude that non-financial assets are impaired. Any resulting impairment loss could have a material adverse impact on the financial position and results of operations.

Critical Accounting Judgments

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

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

In addition, part of the assessment process of the 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 regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

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

Quantitative criteria – for sales contracts receivable, the customer receives a notice of cancellation and does not continue the payments.

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

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

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

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

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

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

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

Revenue recognition method and measure of progress
The Parent Company concluded that revenue for real estate sales is to be recognized over time because: (a) the Parent Company's performance does not create an asset with an alternative use and; (b) the Parent Company has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Parent Company's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date. In addition, the Parent Company requires a certain percentage of buyer's payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Parent Company. The Parent Company considers that the initial and continuing investments by the buyer of about 25% would demonstrate the buyer's commitment to pay.

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

Distinction between investment properties and owner-occupied properties and real estate inventories and held for development
The Group determines whether a property qualifies as investment property. In making this judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to the other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions cannot be sold separately at the 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 Group considers each property separately in making its judgment.

The Group determines that a property will also be classified as real estate inventory when it will be sold in the normal operating cycle or it will be treated as part of the Group's strategic land activities for development in the medium or long-term.

Contingencies
The Group is currently involved in various legal proceedings and tax assessments. Estimates of probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe these proceedings will have a material adverse effect on the financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the Group's strategies relating to these proceedings.

33. Fair Value Measurement

The fair values of the Group's financial instruments are equal to the carrying amounts in the consolidated financial position as at December 31, 2020 and 2019.

Fair values have been determined for measurement and disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values are disclosed in the notes to the financial statements specific to that asset or liability.

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

Cash and cash equivalents, trade and other receivables and advances to associates – carrying amounts approximate fair values due to the relatively short-term maturities of these items.

Trade and other receivables carrying amounts approximate their fair values as they are either priced using prevailing market rates or that the effect of discounting is not significant.

Financial assets at FVPL and FVOCI – these are investments in equity securities, fair value for quoted equity securities is based on quoted prices published in markets as of reporting dates.

Trade and other payables – the carrying value of trade and other payables and loans payable - current approximate its fair value either because of the short-term nature of these financial liabilities or effect of discounting is immaterial.

Loans payable – carrying amounts approximate their fair values as they are either priced using prevailing market rates or that the effect of discounting is not significant.

The table below analyzes financial and non-financial assets measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVPL				
Equity investments	P6,750,000	P -	P -	P6,750,000
Financial assets at FVOCI				
Equity investments	41,010,520	-	-	41,010,520

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVPL				
Equity investments	P6,750,000	P -	P -	P6,750,000
AFS financial assets				
Equity investments	35,693,930	-	-	35,693,930

34. Financial Risk Management Objectives and Policies

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Group. The policies for managing specific risks are summarized below.

The BOD has overall responsibility for the establishment and oversight of the Group's risk management framework. It monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Risk management policies and systems are reviewed regularly to reflect changes in market conditions.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Market Risk

Foreign exchange risk
The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise with respect to transactions denominated in US dollar. Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Group's functional currency. Significant fluctuation in the exchange rates could significantly affect the Group's financial position.

Foreign exchange risk exposure of the Group is limited to its cash and cash equivalents. Currently, the Group has a policy not to incur liabilities in foreign currency. Construction and supply contracts, which may have import components, are normally denominated in Philippine peso.

The amounts of the Group's foreign currency denominated monetary assets at the reporting date are as follows:

	2020		2019	
	US dollar Deposit	**Peso Equivalent**	US dollar Deposit	Peso Equivalent
Cash and cash equivalents	**$387,024**	**P18,591,090**	$362,825	P18,411,180

The closing rates applicable as at December 31, 2020 and 2019 are P48.036 and P50.744 to US$1, respectively.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their peso translation at the period end for a 4% change in foreign currency rates. A 4% weakening of Philippine peso against the US dollar will have an increase in net income amounting to P743,643 and P736,447 in 2020 and 2019, respectively. For a 4% strengthening of the Philippine peso against the US dollar, there would be an equal and opposite impact on the net income.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The primary source of the Group's interest rate risk relates to its cash and cash equivalents and loans payable. The interest rates on cash and cash equivalents and loans payable are disclosed in Notes 3 and 15, respectively.

Cash and cash equivalents are short-term in nature and with the current interest rate level, any variation in the interest will not have a material impact on the profit or loss of the Group.

Management is responsible for monitoring the prevailing market-based interest rate and ensures that the mark-up charged on its borrowings are optimal and benchmarked against the rates charged by other creditor banks.

Based on the sensitivity performed the impact on profit or loss of 10% increase/decrease on interest rates on cash and cash equivalents, and loans and note payable would be an estimated maximum increase/decrease for 2020 and 2019 as follows:

	2020	2019
Cash and cash equivalents	**P83,635**	P121,176
Loans payable	**2,486,495**	733,122

Price risk
Price risk is the risk that the fair value of the financial instrument particularly equity instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether caused by factors specific to an individual investment, its issuer or factors affecting all instruments traded in the market.

The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. The Parent Company's Board of Directors reviews and approves all equity investment decisions.

At December 31, 2020, the impact of 10% increase/decrease in the price of listed equity securities, with other variables held constant would have been an increase/decrease of P531.7 thousand and P597.7 thousand for 2020 and 2019, respectively, in the Group's total comprehensive income and equity for the year. The Group' sensitivity analysis takes into account the historical performance of the stock market.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group's credit risk is primarily attributable to its cash and cash equivalents and trade and other receivables as disclosed in Notes 3 and 6, respectively. The Group has adopted stringent procedure in evaluating and accepting risk by setting counterparty and transaction limits. In addition, the Group has policies in place to ensure that sales are made to customers with an appropriate credit history.

In respect of installments receivable from the sale of properties, credit risk is managed primarily through credit reviews and an analysis of receivables on a continuous basis. The Group also undertakes supplemental credit review procedures for certain installment payment structures. The Group's stringent customer requirements and policies in place contribute to lower customer default than its competitors. Customer payments are facilitated through various collection modes including the use of postdated checks and auto-debit arrangements. Exposure to bad debts is not significant as title to real estate properties are not transferred to the buyers until full payment has been made and the requirement for remedial procedures is minimal given the profile of buyers.

Credit risk arising from rental income from leasing properties is primarily managed through a tenant selection process. Prospective tenants are evaluated on the basis of payment track record and other credit information. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Group's security deposits and advance rentals which helps reduce the Group's credit risk exposure in case of defaults by the tenants. For existing tenants, the Group has put in place a monitoring and follow-up system. Receivables are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables. Regular meetings with tenants are also undertaken to provide opportunities for counseling and further assessment of paying capacity.

Other financial assets are comprised of cash and cash equivalents excluding cash on hand, financial assets at FVPL, financial assets at FVOCI and advances to subsidiaries and associates. The Group adheres to fixed limits and guidelines in its dealings with counterparty banks and its investment in financial instruments. Bank limits are established on the basis of an internal rating system that principally covers the areas of liquidity, capital adequacy and financial stability. The rating system likewise makes use of available international credit ratings. Given the high credit standing of its accredited counterparty banks, management does not expect any of these financial institutions to fail in meeting their obligations. Nevertheless, the Group closely monitors developments over counterparty banks and adjusts its exposure accordingly while adhering to pre-set limits.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at December 31 are as follows:

	2020	2019
Cash and cash equivalents excluding cash on hand	**P207,193,799**	P217,626,320
Trade and other receivables	**1,252,979,158**	1,625,188,417
	P1,460,172,957	P1,842,814,737

The credit quality of financial assets which are neither past due nor impaired is discussed below:

(a) Cash in banks and cash equivalents

The Group deposits its cash balance in reputable banks to minimize credit risk exposure amounting to P207,193,799 and P217,626,320 as at December 31, 2020 and 2019, respectively. Cash deposits are considered to be of high grade.

(b) Trade and other receivables

The credit quality of trade and other receivables that are neither past due nor impaired can be assessed by reference to internal credit ratings or to historical information about counterparty default rates:

	Grade A	Grade B	Total
2020			
Trade and other receivables	**P870,795,863**	**P4,856,041**	**P875,651,904**
2019			
Trade and other receivables	P1,379,678,190	P22,476,125	P1,402,154,315

- "Grade A"
  This includes financial assets pertaining to those assets held by either the government, counterparties with good credit standing, related parties or loans and receivables that are consistently paid before the maturity date

- "Grade B"
  This includes receivables that are past due but are still collectible within 12 months.

As at December 31, 2020 and 2019, trade and other receivables of P377,327,254 and P132,110,815, respectively, were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these receivables is as follows:

	More than 90 days	More than one year	Total
2020			
Trade and other receivables	**P42,892,223**	**P334,435,031**	**P377,327,254**
2019			
Trade and other receivables	P12,711,701	P119,399,114	P132,110,815

As at December 31, 2020 and 2019, trade and other receivables of P98,324,311 and P106,688,269, respectively, were impaired and provided for. Provision for (reversal of) impairment loss recognized in 2020 and 2019 are (P8,363,958) and P80,758,365, respectively. It was assessed that a portion of the receivables is expected to be recovered. The aging of these receivables is as follows:

	More than 90 days	More than one year	Total
2020			
Trade and other receivables	P -	**P98,324,311**	**P98,324,311**
2019			
Trade and other receivables	P -	P106,688,269	P106,688,269

The condominium certificates of the title remain in the possession of the Parent Company until full payment has been made by the customers, thus no significant credit risk was assessed for trade receivables.

Given the Group's diverse base of counterparties, it is not exposed to large concentrations of credit risk.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rate based on days past due of all customers as they have similar loss patterns. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity. The security deposits and advance rental are considered in the calculation of impairment as recoveries. As of December 31, 2020 and 2019, the exposure at default amounts to P486 million and P359 million, respectively. The expected credit loss rate is 6% that resulted in the ECL of P26.6 million and P20.3 million as of December 31, 2020 and 2019, respectively.

Liquidity risk

Liquidity risk refers to the risk in which the Group encounters difficulties in meeting its short-term obligations.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Group maintains adequate highly liquid assets in the form of cash and cash equivalents to assure necessary liquidity.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

		Contractual Obligation			
	Carrying Amount	Less than One Year	One to Five Years	More than Five Years	Total
2020			**(In Thousand Pesos)**		
Trade and other payables*	**P272,150**	**P93,631**	**P178,519**	**P -**	**P272,150**
Loans and note payable	**1,033,326**	**495,065**	**617,907**	**-**	**1,112,972**
2019			(In Thousand Pesos)		
Trade and other payables*	P340,106	P218,745	P121,361	P -	P340,106
Loans and note payable	1,155,086	571,730	583,356	-	1,155,086

**excluding payables to government*

35. Capital Management

The Parent Company manages its capital to ensure that the Parent Company is able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Parent Company consists of equity, which comprises of issued capital, additional paid-in capital, reserves, retained earnings and treasury stocks.

Management reviews the capital structure on a quarterly basis. As part of this review, management considers the cost of capital and the risks associated with it.

There were no changes in the Parent Company's approach to capital management during the year.

As part of the reforms of the Philippine Stock Exchange (PSE) to expand capital market and improve transparency among listed firms, PSE requires listed entities to maintain a minimum of ten percent (10%) of their issued and outstanding shares, exclusive of any treasury shares, held by the public. The Parent Company has fully complied with this requirement in 2020 and 2019.

Tektite Insurance Brokers, Inc. (TIBI)
The operations of TIBI are subject to the regulatory requirements of the Insurance Commission (IC). Such regulations not only prescribe approval and monitoring of activities but also impose certain capital requirement.

In 2006, the IC issued Memorandum Circular No. 1-2006 which provides for the minimum capitalization requirements of all insurance brokers and reinsurance brokers. Under this circular, existing insurance brokers and reinsurance brokers must have a net worth in accordance with the amounts and schedule stipulated in the circular.

As at December 31, 2020 and 2019, the required statutory net worth for TIBI, being an existing insurance broker is P10 million.

TIBI has fully complied with the capitalization requirements of Memorandum Circular No. 1-2006 in 2020 and 2019.

36. Segment Information

Details of the Parent Company's subsidiaries as of December 31, 2020 and 2019 are as follows:

	Principal Activities	Ownership Interest 2020	2019
PRHC Property Managers, Inc. (PPMI)	Property Management	**100%**	100%
Tektite Insurance Brokers, Inc. (TIBI)	Insurance Brokerage	**100%**	100%
Sultan's Power, Inc. (SPI)	Holding Company	**100%**	100%
Universal Travel Corporation (UTC)	Travel and Tours Agency	**81.53%**	81.53%

Minority interests as of 2020 and 2019 represent the equity interests in Universal Travel Corporation not held by the Group.

The segment assets and liabilities as of December 31, 2020, 2019 and 2018 and the results of operations of the reportable segments for the years ended December 31, 2020, 2019 and 2018 are as follows:

	2020							
	Parent	Subsidiaries						
	Sale of Real Estate and Leasing	Property Management	Insurance Brokerage	Holding Company	Travel services	Other Income	Eliminations	Consolidated
	(In Thousand Pesos)							
Revenue	P264,773	P43,794	P4,456	P -	P -	P398,540	(P941)	P710,622
Segment Result	(59,779)	7,574	(800)	(4,295)	(53)	-	5,463	(51,890)
Interest expense	36,509	278	-	-	-	-	-	36,787
Interest income	(13,643)	(3)	(70)	-	(12)	-	-	(13,728)
Income taxes	81,413	1,293	91	-	-	-	-	82,797
Income (loss) before minority interest	44,500	9,142	(779)	(4,295)	(65)	-	5,463	53,966
Minority interest	-	-	-	-	-	-	(2,054)	(2,054)
Net Income (Loss)	P44,500	P9,142	(P779)	(P4,295)	(P65)	P -	P3,409	P51,912
Other Information								
Segment assets	P5,948,070	P89,647	P14,084	P2,503	P1,173	P -	P579	P6,056,056
Investments at equity method	101,930	-	-	-	-	-	(30,956)	70,974
Consolidated Total Assets	P6,050,000	P89,647	P14,084	P2,503	P1,173	P -	(P30,377)	P6,127,030
Segment liabilities	P2,075,301	P32,441	P3,768	P78,694	P29,957	P -	(P77,743)	P2,142,418
Consolidated Total Liabilities	P2,075,301	P32,441	P3,768	P78,694	P29,957	P -	(P77,743)	P2,142,418
Capital expenditure	P1,388	P -	P607	P -	P -	P -	P -	P1,995
Depreciation and amortization	23,153	890	409	-	-	-	-	24,452
Non-cash expenses other than depreciation	16,351	3,738	799	-	-	-	-	20,888

	Parent	Subsidiaries						
	2019							
	Sale of Real Estate and Leasing	Property Management	Insurance Brokerage	Holding Company	Travel services	Other Income	Eliminations	Consolidated
	(In Thousand Pesos)							
Revenue	P1,074,673	P45,130	P5,727	P -	P -	P761,920	(P2,243)	P1,885,207
Segment Result	223,973	4,481	(736)	(22,228)	(31)	-	64,745	270,253
Interest expense	16,745	325	-	-	-	-	-	17,070
Interest income	(14,556)	(2)	(139)	-	(1)	-	-	(14,698)
Dividend income	(717)	-	-	-	-	-	-	(717)
Equity in net loss of associates	775	-	-	-	-	-	-	775
Income taxes	210,553	1,503	150	-	-	-	-	212,206
Income (loss) before minority interest	436,773	6,355	(725)	(22,228)	(31)	-	75,573	495,717
Minority interest	-	-	-	-	-	-	(10,828)	(10,828)
Net Income (Loss)	P436,773	P6,307	(P725)	(P22,228)	(P31)	P -	P64,745	P484,889
Other Information								
Segment assets	P 6,023,102	P80,223	P13,668	P2,914	P1,184	P -	P3,869	P6,124,961
Investments at equity method	108,975	-	-	-	-	-	(34,365)	74,610
Consolidated Total Assets	P6,132,077	P80,223	P13,668	P2,914	P1,184	P -	(P30,496)	P6,199,571
Segment liabilities	P2,198,806	P33,150	P2,081	P74,809	P29,903	P -	(P73,935)	P2,264,814
Consolidated Total Liabilities	P2,198,806	P33,150	P2,081	P74,809	P29,903	P -	(P73,935)	P2,264,814
Capital expenditure	P7,153	P 4,254	P 35	P -	P -	P -	P -	P11,443
Depreciation and amortization	22,791	683	371	-	-	-	-	23,846
Non-cash expenses other than depreciation	152,345	2,672	1,894	-	-	-	-	156,911

	2018							
	Parent	Subsidiaries						
	Sale of Real Estate and Leasing	Property Management	Insurance Brokerage	Holding Company	Travel services	Other Income	Eliminations	Consolidated
	(In Thousand Pesos)							
Revenue	P1,009,230	P37,986	P6,583	P -	P93	P771,180	(P3,938)	P1,821,134
Segment Result	212,258	1,915	(3,209)	(2,455)	(689)	-	(8,205)	199,625
Interest expense	8,474	-	-	-	-	-	-	8,474
Interest income	(3,477)	(1)	(66)	-	(31)	-	-	(3,575)
Dividend income	(626)	-	-	-	-	-	-	(626)
Equity in net gain of associates	8,205	-	-	-	-	-	-	8,196
Income taxes	177,748	886	195	-	12	-	-	178,841
Income (loss) before minority interest	402,582	2,800	(3,080)	(2,455)	(708)	-	(8,205)	390,934
Minority interest	-	-	-	-	-	-	1,699	1,699
Net Income (Loss)	P402,582	P2,800	(P3,080)	(P2,455)	(P708)	P -	(P6,506)	P392,633
Other Information								
Segment assets	P4,834,778	P64,770	P15,514	P1,258	P25,010	P -	P5,652	P4,946,982
Investments at equity method	178,809	-	-	-	-	-	(102,136)	76,673
Unallocated corporate assets	P5,013,587	P64,770	P15,514	P1,258	P25,010	P -	(P96,484)	P5,023,655
Consolidated Total Assets	P1,499,091	P21,759	P2,160	P74,668	P29,946	P -	(P74,702)	P1,552,922
Segment liabilities	P1,499,091	P21,759	P2,160	P74,668	P29,946	P -	(P74,702)	P1,552,922
Consolidated Total Liabilities	P8,800	P -	P -	P -	P -	P -	P -	P8,800
Capital expenditure	P12,970	P62	P365	P -	P82	P -	P -	P13,479
Depreciation and amortization	45,388	3,877	4,521	-	122	-	-	53,908
Non-cash expenses other than depreciation	1,009,230	37,986	6,583	-	93	771,180	(3,938)	1,821,134

The following are the principal activities of the Parent Company's subsidiaries:

PRHC Property Managers, Inc. (PPMI)
PPMI was incorporated and registered with the SEC on May 24, 1991 to engage in the business of managing, operating, developing, buying, leasing and selling real and personal property either for itself and/or for others.

The registered office of PPMI is 29th/F East Tower, Philippine Stock Exchange Centre (PSE), Exchange Road, Ortigas Center, Pasig City.

Tektite Insurance Brokers, Inc. (TIBI)
TIBI was incorporated and registered with the SEC on January 2, 1989 to engage in the business of insurance brokerage.

The registered office of TIBI is at 20/F East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City.

Universal Travel Corporation (UTC)
UTC was incorporated and registered with the SEC on November 9, 1993 to engage in the business of travel services by providing, arranging, marketing, engaging or rendering advisory and consultancy services relating to tours and tour packages. On March 15, 2018, the Board of Directors of UTC approved the resolution on the cessation of its operations effective July 31, 2018 and sold all its existing assets and paid its liabilities from the proceeds and collections of receivables and sale of assets. Thereafter, UTC became inactive.

The registered office of UTC is 29th/F, East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City.

Sultan's Power, Inc. (SPI)
SPI was incorporated under Philippine laws and registered with the SEC on March 19, 2015 as a holding company and commenced operations as such by acquiring the majority outstanding shares of stock of Recon-X Energy Corporation (Recon-X), a company incorporated in the Philippines, engaged in the business of converting plastic waste into fuel. Recon-X is currently in the initial stage of its test runs. As at December 31, 2020, Recon-X is in the process of procuring additional catalyst and materials for the plastic to diesel conversion plant to be used to process plastic wastes into fuel. The target date of Recon-X to start its commercial operations is on the third quarter of 2021.

The registered office of SPI is Unit 2001B, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City.

MVCo
Maceda Valencia & Co
Certified Public Accountants and Management Consultants

5/F Don Jacinto Bldg.,
Dela Rosa cor. Salcedo Sts., Legaspi
Village, Makati City Philippines
Telephone: +63 (2) 8403 7228 to 30
Fax: +63 (2) 8403 7306

MVCo@MVCo.com.ph
www.MVCo.com.ph
www.nexia.com

STATEMENTS REQUIRED BY THE REVISED SECURITIES REGULATION CODE (SRC) RULE 68, ON OCTOBER 3, 2019

The Shareholders and Board of Directors
Philippine Realty and Holdings Corporation and Subsidiaries
One Balete, 1 Balete Drive corner N. Domingo Street
Brgy. Kaunlaran District 4
Quezon City

We have audited the accompanying financial statements of Philippine Realty and Holdings Corporation and Subsidiaries as at and for the year ended December 31, 2020, on which we have rendered our report dated March 16, 2021. The supplementary information shown in the Reconciliation of Retained Earnings Available for Dividend Declaration (Part 1, 5B and Annex 68-D), Financial Soundness Indicators (Part 1, 5C and Annex 68-E), and Map of Relationships Between and Among the Related Parties (Part 1, 5G) as additional components required by Part I, Section 5 of the Revised SRC Rule 68 and Schedules A, B, C, D, E, F and G, as required by Part II, Section 7 and Annex 68-J of the Securities Regulation Code, are presented for purposes of filing with the Securities and Exchange Commission and are not a required part of the basic financial statements.

Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in the audits of the basic financial statements. In our opinion, the supplementary information has been prepared in accordance with Part I, Section 5 and Part II, Section 7 of the Revised SRC Rule 68.

MACEDA VALENCIA & CO.

ANTONIO O. MACEDA, JR.
Partner
CPA License No. 20014
PTR No. 8564731
Issued on January 22, 2021 at Makati City
SEC Accreditation No. (individual) as general auditor 1761-A Category A,
Effective until July 31, 2022
SEC Accreditation No. (firm) as general auditors 4748-SEC;
Effective until Febuary 17, 2023
TIN 102-090-963-000
BIR Accreditation No. 08-001987-004-2021,
Effective until April 11, 2024
BOA/PRC Reg. No. 4748, effective until June 26, 2021

March 16, 2021
Makati City

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
As of December 31, 2020

Philippine Realty And Holdings Corporation
One Balete, 1 Balete Drive Corner N. Domingo St.
Brgy. Kaunlaran, District 4, Quezon City 1111, Philippines

Unappropriated Retained Earnings, beginning		**P432,872,511**
Adjustments for:		
(prior-year adjustments)		-
Unappropriated Retained Earnings, as adjusted, beginning		**432,872,511**
Add: Net income during the period closed to Retained Earnings		**41,897,319**
Less: Non-actual/unrealized income net of tax	-	
Equity in net income of associate/joint venture	-	
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)		
Unrealized actuarial gain	-	
Fair value adjustments (M2M gains)	-	
Fair value adjustment of Investment Property resulting to gain adjustment due to deviation from PFRS/GAAP-gain	**(286,750,907)**	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	**(286,750,907)**
Add: Non-actual losses	-	
Depreciation on revaluation increment (after tax)	-	
Adjustment due to deviation from PFRS/GAAP-loss	-	
Loss on fair value adjustment to investment property (after tax)	-	-
Net income actually earned/realized during the period		**188,018,923**
Add (Less):		
Dividend declarations during the period		-
Appropriations of Retained Earnings during the period		-
Reversals of appropriations		-
Treasury shares		-
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND		**P188,018,923**

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

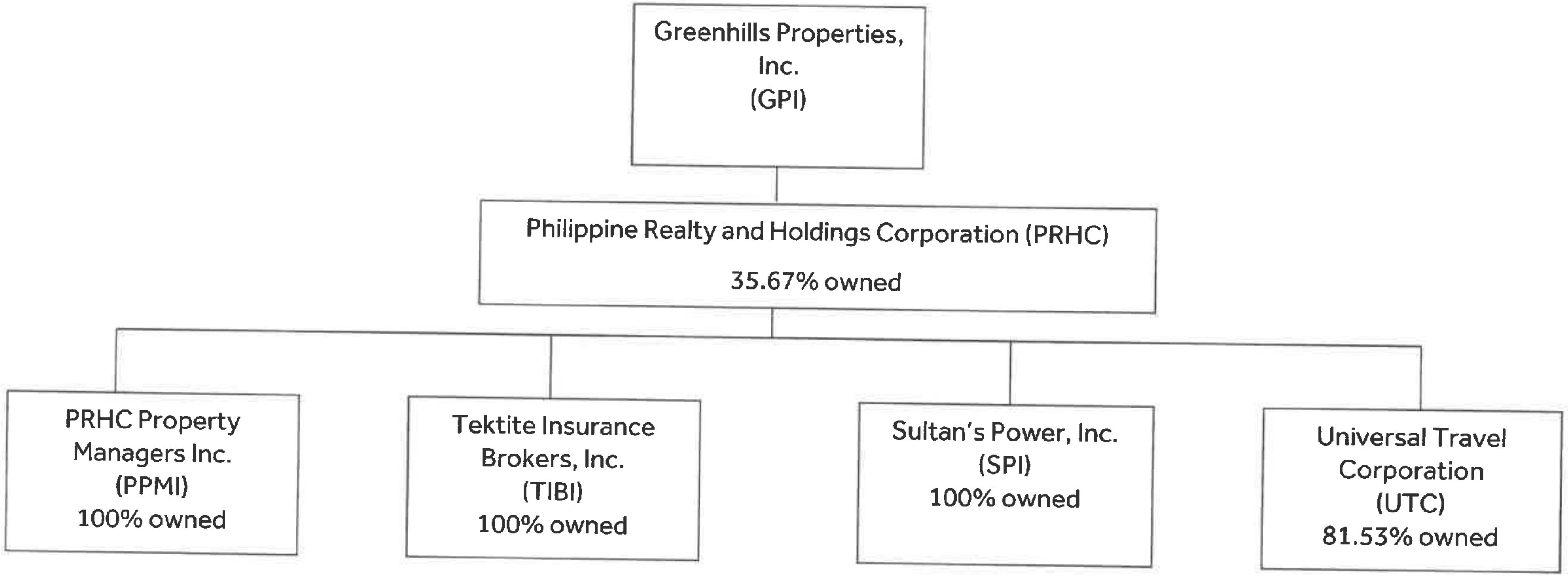
As of December 31, 2020

Philippine Realty And Holdings Corporation
One Balete, 1 Balete Drive Corner N. Domingo St.
Brgy. Kaunlaran, District 4, Quezon City 1111, Philippines

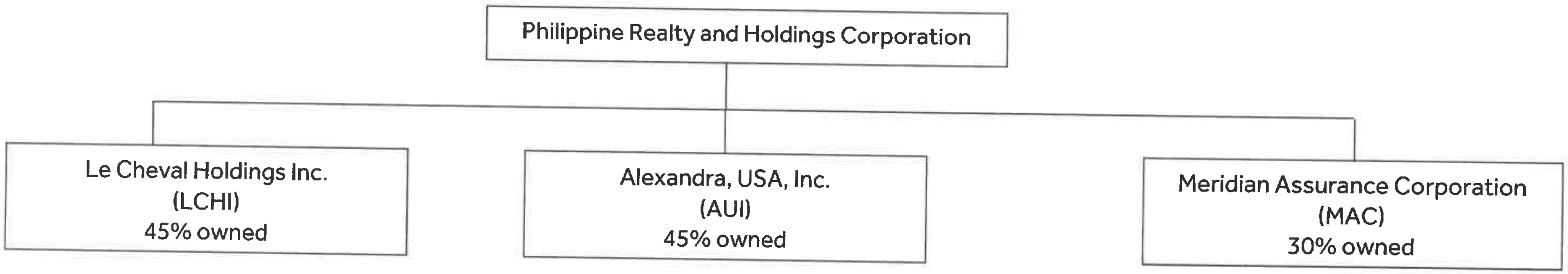
	2020	2019
Current Ratio[1]	**5.15**	2.91
Acid Test Ratio[2]	**3.50**	1.34
Debt to Equity Ratio[3]	**0.54**	0.57
Asset to Equity Ratio[4]	**1.54**	1.57
Interest Coverage Ratio[5]	**4.33**	40.84
Net Profit Margin Ratio[6]	**0.06**	0.26
Return on Assets[7]	**0.01**	0.08
Return on Equity[8]	**0.01**	0.12
Solvency Ratio[9]	**0.03**	0.22

(1) *Current ratio is measured as current assets divided by current liabilities.*
(2) *Acid test ratio is measured as current assets less inventory divided by current liabilities.*
(3) *Debt to equity ratio is measured as total liabilities divided by total equity.*
(4) *Asset to equity ratio is measured as total assets divided by total equity.*
(5) *Interest coverage ratio is measured by EBIT, or earnings before interest and taxes, divided by total financing costs.*
(6) *Net profit margin ratio is derived by dividing net profit with total revenue.*
(7) *Return on assets is measured by dividing net income after tax with total assets.*
(8) *Return on equity is measured by dividing net income after tax with total capital accounts.*
(9) *Solvency ratio is measured by dividing net income after tax plus depreciation with total liabilities.*

PHILIPPINE REALTY AND HOLDINGS CORPORATION
SUBSIDIARIES, AFFILIATES GROUP STRUCTURE
As of December 31, 2020



Associates:



Schedule for Listed Companies with a Recent Offering of Securities to the Public
As of December 31, 2020

Philippine Realty And Holdings Corporation
One Balete, 1 Balete Drive Corner N. Domingo St.
Brgy. Kaunlaran, District 4, Quezon City 1111, Philippines

1. Gross and net proceeds as disclosed in the final prospectus
   Not applicable

2. Actual gross and net proceeds
   Not applicable

3. Each expenditure item where the proceeds were used
   Not applicable

4. Balance of the proceeds as of end reporting period
   Not applicable

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule A – Financial Assets
December 31, 2020

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds or notes	Amount shown in the Statement of Financial Position	Valued based on market quotation at end of reporting period	Income received and accrued
Financial assets at fair value through profit or loss				
Tagaytay Properties	6,750,000 shares	P6,750,000	P6,750,000	P -
Financial Assets at Fair Value through OCI				
Equity securities				
A. Brown Company, Inc.	36,840,000 shares	P33,156,000	P33,156,000	P -
Premium Leisure Corporation	14,264,120 shares	6,347,535	6,347,535	-
Philippine Racing Club (prc)	944 shares	6,985	6,985	-
Orchard Golf & Country Club CLASS "C" Shares	1 share	500,000	500,000	-
Valley Golf Country Club	1 share	1,000,000	1,000,000	-
	51,105,066 shares	P41,010,520	P41,010,520	P -
Trade and other receivables - net		P1,263,436,773	P1,263,436,773	P2,016,397
		P1,311,197,293	P1,311,197,293	P2,016,397

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule B –Amounts Receivable from Director, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2020

Name of Debtor	Balance at the beginning of the period	Additions	Amounts collected	Amounts written-off	Current	Non-current	Balance at the end of period
AGUILAR, DENNIS	P -	P45,884	(P19,118)	P -	P26,766	P -	P26,766
ALMEROL, CARLA	44,000	75,193	(87,824)	-	31,369	-	31,369
AVILA, JESSICA	77,030	-	(69,030)	-	8,000	-	8,000
BONTOGON, MARISSA	1,408,719	216,379	(846,713)	-	778,385	-	778,385
CALANOG, DANTE	215,335	124,842	(108,446)	-	231,731	-	231,731
CALUBAYAN, MARIE JOYCE	121,075	336,311	(271,902)	-	185,484	-	185,484
CARAG, ADELINE SUSAN	1,049,988	340	(313,248)	-	737,080	-	737,080
CARTAGENA, AILENE	19,320	38,640	(35,420)	-	22,540	-	22,540
CASTRO, CRISTINE DENISE	141,953	-	(141,953)	-	-	-	-
CATACUTAN, RICHARD	230,171	1,157	(100,293)	-	131,035	-	131,035
CIAR, ERWIN	1,155,161	98,778	(468,520)	-	785,419	-	785,419
CONSTANTINO,VIRGILIO	-	17,811	(12,549)	-	5,262	-	5,262
CRUZ, ROSELLE	234,556	37,942	(191,995)	-	80,503	-	80,503
DAYRIT, AMYLEEN JOY	462,695	41,462	(191,097)	-	313,060	-	313,060
DEL ROSARIO, ALFREDO S	14,488,443	688,498	(1,231,930)	-	13,945,011	-	13,945,011
DELA CRUZ, ANGELICA	65,749	6,386	(37,699)	-	34,436	-	34,436
DEOCAMPO, DEXTER JAN	-	24,811	(20,265)	-	4,546	-	4,546
DEOCERA, NORBERT	142,738	51,179	(175,761)	-	18,156	-	18,156
DUMAYAS,JINECA PRINCESS	-	9,915	(8,417)	-	1,498	-	1,498
DURAN, AILEEN	348,079	1,756,566	(1,346,400)	-	758,245	-	758,245
DURAN, NORMALENE	82,594	360,338	(108,503)	-	334,429	-	334,429
ENRIQUEZ, EDILYNDA	538,721	1,110,478	(1,120,785)	-	528,414	-	528,414

Name of Debtor	Balance at the beginning of the period	Additions	Amounts collected	Amounts written-off	Current	Non-current	Balance at the end of period
ESGUERRA, CEDRICK	-	28,811	(24,265)	-	4,546	-	4,546
FISCHER, VINCENT	1,383,365	85,526	-	-	1,468,891	-	1,468,891
GARGAR, ERWIN	9,783	-	(9,783)	-	-	-	-
GATCHALIAN, VILLAMOR	-	22,942	(9,559)	-	13,383	-	13,383
GO, RICHARD NICOLAS KO	1,334,645	1,908,262	(2,273,066)	-	969,841	-	969,841
HERNANI, MARIA ELIZABETH	129,827	42,050	(115,991)	-	55,886	-	55,886
ISNIT, JOSEFINA	213,626	670,796	(443,195)	-	441,227	-	441,227
LAMPAS, ROCHELLE JOY	2,500	71,664	(51,318)	-	22,846	-	22,846
LANUZA, CAMILLE	97,495	-	(20,000)	-	77,495	-	77,495
LANUZA, GERARDO DOMENICO	2,062,626	5,502,228	(626,496)	-	6,938,358	-	6,938,358
MAGPAYO,GIL	323,068	-	(323,068)	-	-	-	-
MAGPAYO, JERRY	-	26,811	(22,265)	-	4,546	-	4,546
MEDRANO, EDMUNDO	2,071,963	552,284	(1,169,876)	-	1,454,371	-	1,454,371
MIRANDE, MIKE	279,726	61,014	(135,221)	-	205,519	-	205,519
PACA, CARLOS MIGUEL	1,074,105	45,497	(637,868)	-	481,734	-	481,734
PENGSON, BELLE	65,500	42,000	(95,500)	-	12,000	-	12,000
PERILLO, MARIA CHRISTINA	463,233	115,920	(240,162)	-	338,991	-	338,991
PUYAT, TXYLA	555,224	-	(260,378)	-	294,846	-	294,846
RAMOS, MARK ANTHONY	343,094	167,026	(131,705)	-	378,415	-	378,415
REYES, REINHARD	47,251	-	(34,291)	-	12,960	-	12,960
SANTOS, ROZANO	158,457	507,266	(215,233)	-	450,490	-	450,490
SANTOS, LEONARD ROSS	430,682	-	(66,366)	-	364,316	-	364,316
TABAJEN, CHRISTIAN	-	28,811	(24,265)	-	4,546	-	4,546
TABLADA, DEXTER	14,607	-	(14,607)	-	-	-	-
TABORLUPA, MARGIE	328,974	50,584	(160,240)	-	219,318	-	219,318
TAMANG, CHARLIE	52,999	-	(34,107)	-	18,892	-	18,892

Name of Debtor	Balance at the beginning of the period	Additions	Amounts collected	Amounts written-off	Current	Non-current	Balance at the end of period
TUROT, KRISTEL JOY	63,184	-	(31,726)	-	31,458	-	31,458
UMAYAM,RODRIGO	-	27,312	(11,380)	-	15,932	-	15,932
VEDAÑA, FERDERICK	87,133	26,515	(62,944)	-	50,704	-	50,704
VERCELES, REGANDOR	730,309	39,164	(168,447)	-	601,026	-	601,026
VERZOSA, SAMUEL	23,414	46,829	(42,927)	-	27,316	-	27,316
VICTORIA, RODOLFO	41,627	-	(15,783)	-	25,844	-	25,844
VILLAFUERTE, JOHNDELF	380,307	195,902	(279,173)	-	297,036	-	297,036
VINLUAN, FATIMA	-	27,811	(23,299)	-	4,512	-	4,512
Others	-	61,230	(39,330)	-	21,900	-	21,900
	P33,595,051	**P15,397,165**	**(P14,721,702)**	**P -**	**P34,270,514**	**P -**	**P34,270,514**

Note: Receivables from Directors, Officers, Employees, Related Parties and Principal Stockholders are subject to usual terms in the normal course of business.

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule C – Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statement
December 31, 2020

Name of Debtor	Balance at the beginning of the period	Additions	Amounts collected (i)	Amounts written-off (ii)	Current	Non-current	Balance at the end of period
Universal Travel Corporation, Subsidiary	P29,873,810	P23,598	P -	P -	P -	P29,897,408	P29,897,408
PRHC Property Managers, Inc., Subsidiary	5,703,113	9,203,640	5,684,450	-	9,222,303	-	9,222,303
Sultan's Power, Inc., Subsidiary	74,600,171	1,809,359	-	-	76,409,530	-	76,409,530
	P110,177,094	P11,036,597	P5,684,450	P -	P85,631,833	P29,897,408	P115,529,241

i. If collected was other than in cash, explain.
ii. Give reasons to write-off.

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule D – Long Term Debt
December 31, 2020

Title of issue and type of obligation (i)	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt in related Statement of Financial Position " (ii)	Amount shown under caption "Long-term debt in related Statement of Financial Position " (iii)	Interest Rate %	Maturity Date
Car loan	25,574,812	5,313,014	7,258,169	9.59% - 9.11%	November 2021 – September 2024
Car loan	15,789,574	3,402,557	3,924,967	9.46% - 8.72%	February 2023 – November 2025
Car loan	3,744,000	826,824	1,905,570	11.04%	February 2024
Contract to sell financing	200,000,000	30,137,149	154,401,777	6.75%	June 2022
Real estate mortgage	1,100,000,000	200,660,372	525,495,279	6%	March 2021 – June 2025
Real estate mortgage	100,000,000	100,000,000	-	5.25% - 5.00%	March 2021

i. Include in this column each type of obligation authorized.
ii. This column is to be totalled to correspond to the related Statements of Financial Position caption.
iii. Include in this column details as to interest rates, amounts or numbers of periodic instalments, and maturity dates.

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule E – Indebtedness to Related Parties
(included in the Consolidated Financial Statement of Position)
December 31, 2020

Name of Related Parties (i)	Balance at the beginning of the period	Balance at the end of the period (ii)

None to report.

i. The related party shall be grouped as in Schedule C. The information called for shall be stated for any persons whose investments shown in separately in such related schedule.
ii. For each affiliate named in the first column, explain in a note hereto the nature and purpose of any material increase during the period that is in excess of 10% of the related balance at either the beginning or end of the period.

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule F – Guarantees of Securities of Other Issuers
December 31, 2020

Name of the issuing entity of securities guaranteed by the company for which this statement is fled	Title of issue of each class of securities guaranteed	Total amount of guaranteed and outstanding (i)	Amount owned by person of which statement is filed	Nature of Guarantee (ii)

None to report.

---

i. Indicate in the note any significant changes since the date of the last balance sheet file. If this schedule is filed in support of consolidated financial statements, there shall be set forth guarantees by any person included in the consolidation except such guarantees of securities which are included in the consolidated balance sheet.

ii. There must be a brief statement of the nature of the guarantee, such as "Guarantee of Principal and Interest"', "Guarantee of Interest" or "Guarantee of Dividend". If the guarantee is of interest, dividends, or both, state the annual aggregate amount of interest or dividends so guaranteed.

PHILIPPINE REALTY AND HOLDINGS CORPORATION AND SUBSIDIARIES
Schedule G – Capital Stock
December 31, 2020

Title of Issue (i)	Number of shares authorized	Number of shares issued and outstanding as shown under the related Statement of Financial Position caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties (ii)	Directors, officers and employees	Others (iii)
Common	8,000,000,000	3,688,869,745	-	-	10,412,758	-

i. Include in this column each type of issue authorized
ii. Related parties referred to include persons for which separate financial statements are filed and those included in the consolidated financial statements, other than the issuer of the particular security.
iii. Indicate in a note any significant changes since the date of the last balance sheet filed.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0	9	9	9	0	5					

Company Name

PHILIPPINE REALTY AND HOLDINGS CORPORATION

Principal Office (No./Street/Barangay/City/Town)Province)

ONE BALETE, 1 BALETE DRIVE CORNER N. DOMINGO STREET BRGY. KAUNLARAN DISTRICT 4, QUEZON CITY

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
edmund.medrano@philrealty.com.ph	02-86313179	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
2,331	Any day of June	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
EDMUNDO C. MEDRANO	edmund.medrano@philrealty.com.ph	02-86313179	

Contact Person's Address

One Balete, 1 Balete Balete Drive cor. N. Domingo Street Brgy. Kaunlaran District 4, Quezon City

Note 1: In case of death, resgination 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 property and completely filled-up. Failure to do 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.

PHILIPPINE REALTY AND HOLDINGS CORPORATION

SEPARATE FINANCIAL STATEMENTS
December 31, 2020, 2019 AND 2018

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Sent: Wednesday, 28 April 2021 3:53 PM
To: 'Joy Dayrit'
Subject: FW: Your BIR AFS eSubmission uploads were received

Joy for filing.

Thanks and best regards

MARK ANTHONY M. RAMOS
Assistant Vice President for Accounting, Compliance Officer and Data Protection Officer
PHILIPPINE REALTY AND HOLDINGS CORPORATION
Head Office (632) 631 3179 / Satellite Office (632) 532 7538
✉ mark.ramos@philrealty.com.ph
www.philrealty.com.ph

From: eafs@bir.gov.ph <eafs@bir.gov.ph>
Sent: Apr 28 2021 3:34 PM
To: MARK.RAMOS@PHILREALTY.COM.PH
Cc: MARK.RAMOS@PHILREALTY.COM.PH
Subject: Your BIR AFS eSubmission uploads were received

Hi PHILIPPINE REALTY AND HOLDINGS CORPORATION,

Valid files

- EAFS000188233RPTTY122020.pdf
- EAFS000188233OTHTY122020.pdf
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- EAFS000188233AFSTY122020.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-2ZZWNYQV0BGKG9HDHPWXRXP1P08CLJ655B**
Submission Date/Time: **Apr 28, 2021 03:33 PM**
Company TIN: **000-188-233**

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- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
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Philippine Realty & Holdings Corporation

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **PHILIPPINE REALTY AND HOLDINGS CORPORATION** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2020, 2019 and 2018, in accordance with the prescribed financial reporting framework indicated therein, 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 and 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 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 or members.

Maceda Valencia and Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

GERARDO DOMENICO ANTONIO V. LANUZA
Chairman of the Board

ALFREDO S. DEL ROSARIO, JR.
President and Chief Executive Officer

EDMUNDO C. MEDRANO
Executive Vice President and Chief Operating Officer and Treasurer

Signed this 16th day of March 2021.

SUBSCRIBED AND SWORN to before me this 26 APR 2021 day of ________, 2021, affiants exhibiting to me their Tax Identification Nos. as follows:

Name	Tax Identification No.
Gerardo Domenico Antonio V. Lanuza	243-616-771
Alfredo S. Del Rosario, Jr.	108-160-980
Edmundo C. Medrano	134-515-229

Doc. No. 227
Page No. 47
Book No. XLIV
Series of 2021

ATTY. RUBEN M. AZAÑES, JR.
NOTARY PUBLIC
UNTIL DECEMBER 31, 2021
PTR NO. 0694960, QUEZON CITY
IBP NO. 132791-Quezon City CHAPTER
Roll of Attorney's No.46427
Admin Matter No.004
MCLE-VI-0030360-2-19-2020
TIN:140-394-386-000
...EDSA,Q.C.

MVCo
Maceda Valencia & Co
Certified Public Accountants and Management Consultants

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REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION

The Shareholders and Board of Directors
Philippine Realty and Holdings Corporation
One Balete, 1 Balete Drive corner N. Domingo Street
Brgy. Kaunlaran District 4
Quezon City

We have audited the separate financial statements of Philippine Realty and Holdings Corporation as at and for the year ended December 31, 2020, on which we have rendered our report dated March 16, 2021.

In compliance with Revised Securities Regulation Code Rule 68 and based on the certification received from the Company's corporate secretary and the results of our work done, as at December 31, 2020, we are stating that the said Company has two thousand two hundred seventy-six (2,276) shareholders owning one hundred (100) or more common shares.

MACEDA VALENCIA & CO.

ANTONIO O. MACEDA, JR.
Partner
CPA License No. 20014
PTR No. 8564731
Issued on January 22, 2021 at Makati City
SEC Accreditation No. (individual) as general auditor 1761-A Category A,
Effective until July 31, 2022
SEC Accreditation No. (firm) as general auditors 4748-SEC,
Effective until Febuary 17, 2023
TIN 102-090-963-000
BIR Accreditation No. 08-001987-004-2021,
Effective until April 11, 2024
BOA/PRC Reg. No. 4748,
Effective until June 26, 2021

March 16, 2021
Makati City

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Maceda Valencia & Co
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REPORT OF INDEPENDENT AUDITORS

The Shareholders and Board of Directors
Philippine Realty and Holdings Corporation
One Balete, 1 Balete Drive corner N. Domingo Street
Brgy. Kaunlaran District 4
Quezon City

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of Philippine Realty and Holdings Corporation (the "Company"), which comprise the separate statements of financial position as at December 31, 2020 and 2019, and the separate statements of total comprehensive income, separate statements of changes in equity and separate statements of cash flows for the three years in the period ended December 31, 2020, and notes to the separate financial statements, including a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 audits of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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

Key Audit Matters

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

Valuation of Real Estate Inventories

The Risk

Real estate inventories constitute a material component in the Company's statements of financial position. Real estate inventories amounted to P0.80 billion representing 13% of the total assets as at December 31, 2020. Real estate inventories include properties under construction, newly built and acquired properties that are held for sale in the ordinary course of business and land held for development. Real estate inventories are valued at the lower of cost or market and net realizable value.

The valuation of real estate inventories is influenced by assumptions and estimates regarding construction costs to be incurred, and future selling prices. Weak demand and the consequential over supply of residential units might exert downward pressure on transaction volumes and selling prices of residential properties.

Our Response

Based on a sample selected according to qualitative and quantitative factors, our audit procedures included the following:

- Evaluation of recognized costs for selected projects in terms of eligibility for capitalization and allocation on the basis of the respective financial forecast;

- Identification of deviations between financial forecasts and the respective project accounts together with a critical assessment of these deviations through discussions with project managers, and reconciliation of actual costs with construction cost statements; and

- Analysis of realizable values by inspecting the most recent sales contracts and comparing expected future costs, costs already capitalized and expected sales proceeds from remaining properties.

Allowance for Impairment Losses on Trade and Other Receivables

The Risk

The allowance for impairment losses on trade and other receivables is considered to be a matter of significance as it requires the application of judgment and use of subjective assumptions by management. As of December 31, 2020, trade and other receivables has a total carrying amount of P1.25 billion contributing 21% of the Company's total assets.

Our Response

Our audit procedures included the following:

- Testing the Company's controls over the receivables collection processes.

- Testing the adequacy of the Company's provisions against trade receivables by assessing management's assumptions, taking account of externally available data on trade credit exposures and our own knowledge of recent bad debt experience in this industry and expected cash flows from the sale of collateral held or other credit enhancements.

- We also considered the adequacy of the Company's disclosures about the degree of estimation involved in arriving at the provision.

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

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

In preparing the separate 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 Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate 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 separate 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 separate 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 separate 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 separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on the Supplementary Information Required by the Bureau of Internal Revenue

Our audits were conducted for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The supplementary information on taxes and license fees required for purposes of filing with the Bureau of Internal Revenue is presented by the management of Philippine Realty and Holdings Corporation in a separate schedule. Revenue Regulation 15-2010 requires the information to be presented in the notes to the separate financial statements. Such information is the responsibility of management and is not a required part of the basic separate financial statements. Our opinion on the basic separate financial statements is not affected by the presentation of the information in a separate schedule.

The engagement partner on the audit resulting in this independent auditor's report is Antonio O. Maceda, Jr.

MACEDA VALENCIA & CO.

A. Macedah.

ANTONIO O. MACEDA, JR.
Partner
CPA License No. 20014
PTR No. 8564731
Issued on January 22, 2021 at Makati City
SEC Accreditation No. (individual) as general auditor 1761-A Category A,
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TIN 102-090-963-000
BIR Accreditation No. 08-001987-004-2021,
Effective until April 11, 2024
BOA/PRC Reg. No. 4748,
Effective until June 26, 2021

March 16, 2021
Makati City

PHILIPPINE REALTY AND HOLDINGS CORPORATION
SEPARATE STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	Note	2020	2019
ASSETS			
Current Assets			
Cash and cash equivalents	3	**P196,080,510**	P207,782,998
Financial assets at fair value through profit or loss (FVPL)	4,31	**6,750,000**	6,750,000
Trade and other receivables - current portion	6,32	**1,073,727,118**	335,725,227
Real estate inventories	7	**801,055,720**	1,159,131,710
Prepayments and other current assets - net	8	**364,626,080**	367,833,014
Total Current Assets		**2,442,239,428**	2,077,222,949
Non-current Assets			
Financial assets at fair value through other comprehensive income (FVOCI)	5,31	**41,010,520**	35,693,930
Trade and other receivables - net of current portion	6,32	**179,618,624**	1,273,794,211
Investments in subsidiaries	9	**20,100,000**	20,100,000
Investments in associates	10	**81,829,858**	88,875,080
Investment properties - net	11	**2,879,319,607**	2,197,273,470
Property and equipment - net	12	**77,452,439**	89,692,717
Investment in finance lease	13	**230,261,995**	241,562,399
Right of use asset - net	13	**98,167,126**	107,862,621
Total Non-current Assets		**3,607,760,169**	4,054,854,428
		P6,049,999,597	P6,132,077,377
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables - current portion	14	**P90,688,682**	P199,315,699
Loans payable - current portion	16	**339,513,092**	480,689,515
Lease liability - current portion	13	**14,459,726**	14,112,902
Unearned income	15	**1,361,382**	1,295,643
Total Current Liabilities		**446,022,882**	695,413,759
Non-current Liabilities			
Trade and other payables - net of current portion	14	**147,978,168**	120,738,909
Loans payable - net of current portion	16	**691,080,192**	671,135,445
Retirement benefit obligation	18	**52,117,679**	31,974,271
Lease liability - net of current portion	13	**187,879,730**	202,339,455
Other non-current liabilities		**39,467,676**	41,540,793
Deferred tax liability - net	25	**510,754,557**	435,662,941
Total Non-current Liabilities		**1,629,278,002**	1,503,391,814
Total Liabilities		**2,075,300,884**	2,198,805,573

Forward

PHILIPPINE REALTY AND HOLDINGS CORPORATION
SEPARATE STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	Note	2020	2019
Equity			
Capital stock	*26*	**P2,344,226,245**	P2,344,226,245
Additional paid-in capital		**557,014,317**	557,014,317
Reserves	*27*	**40,101,156**	43,174,230
Retained earnings		**1,143,069,434**	1,098,569,451
Treasury stock	*26*	**(109,712,439)**	(109,712,439)
Total Equity		**3,974,698,713**	3,933,271,804
		P6,049,999,597	P6,132,077,377

See Notes to the Separate Financial Statements.

PHILIPPINE REALTY AND HOLDINGS CORPORATION

SEPARATE STATEMENTS OF TOTAL COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

	Note	2020	2019	2018
INCOME				
Sales of real estate	*17*	**P264,772,984**	P1,074,673,171	P1,009,230,247
Rent	*11,13*	**69,119,550**	49,396,324	100,319,612
Interest	*20*	**13,642,810**	14,556,061	3,476,557
Other income	*21*	**307,951,392**	689,944,414	658,371,901
		655,486,736	1,828,569,970	1,771,398,317
COSTS AND EXPENSES				
Cost of real estate sold	*7*	**161,787,110**	583,833,983	594,013,963
Cost of services	*22*	**54,015,265**	40,866,715	38,192,209
General and administrative expenses	*23*	**275,602,079**	539,189,195	486,757,343
Finance cost	*13,16,17*	**36,508,551**	16,744,728	8,474,222
Other expenses	*24*	**1,660,400**	609,187	63,631,081
		529,573,405	1,181,243,808	1,191,068,818
INCOME BEFORE INCOME TAX		**125,913,331**	647,326,162	580,329,499
INCOME TAX EXPENSE	*25*	**81,413,348**	210,553,204	177,747,792
NET INCOME		**44,499,983**	436,772,958	402,581,707
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will never be reclassified to profit or loss				
Remeasurement gain (loss) on retirement benefit obligation, net of tax	*27*	**(8,389,664)**	(12,385,187)	6,156,853
Unrealized holding gain (loss) on financial assets at FVOCI	*5,27*	**5,316,590**	(5,639,548)	(15,449,603)
		(3,073,074)	(18,024,735)	(9,292,750)
TOTAL COMPREHENSIVE INCOME		**P41,426,909**	P418,748,223	P393,288,957
BASIC EARNINGS PER SHARE	*28*	**P0.01**	P0.09	P0.08

See Notes to the Separate Financial Statements.

PHILIPPINE REALTY AND HOLDINGS CORPORATION
SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

	Capital Stock (Notes 26)	Additional Paid-in Capital	Reserves (Note 26)	Retained Earnings	Treasury Stock (Note 26)	Total Equity
Balance as at January 1, 2018	P2,344,198,495	P557,014,317	P193,471,154	P136,235,347	(P109,712,439)	P3,121,206,874
Comprehensive income (loss)						
Net income for the year	-	-	-	402,581,707	-	402,581,707
Other comprehensive loss for the year	-	-	(9,292,750)	-	-	(9,292,750)
Total comprehensive income (loss) for the year	-	-	(9,292,750)	402,581,707	-	393,288,957
Effect of reclassification of financial assets at FVPL to financial assets at FVOCI	-	-	17,308,122	(17,308,122)	-	-
Reversal of appropriation	-	-	(140,287,561)	140,287,561	-	-
Balance as at December 31, 2018	2,344,198,495	557,014,317	61,198,965	661,796,493	(109,712,439)	3,514,495,831
Comprehensive income (loss)						
Net income for the year	-	-	-	436,772,958	-	436,772,958
Other comprehensive loss for the year	-	-	(18,024,735)	-	-	(18,024,735)
Total comprehensive income (loss) for the year	-	-	(18,024,735)	436,772,958	-	418,748,223
Transaction with owners						
Collection of subscriptions receivable	27,750	-	-	-	-	27,750
Balance as at December 31, 2019	2,344,226,245	557,014,317	43,174,230	1,098,569,451	(109,712,439)	3,933,271,804
Comprehensive income (loss)						
Net income for the year	-	-	-	44,499,983	-	44,499,983
Other comprehensive loss for the year	-	-	(3,073,074)	-	-	(3,073,074)
Total comprehensive income (loss) for the year	-	-	(3,073,074)	44,499,983	-	41,426,909
Balance as at December 31, 2020	**P2,344,226,245**	**P557,014,317**	**P40,101,156**	**P1,143,069,434**	**(P109,712,439)**	**P3,974,698,713**

See Notes to Separate Financial Statements.

PHILIPPINE REALTY AND HOLDINGS CORPORATION

SEPARATE STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

	Note	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**P125,913,331**	P647,326,162	P580,329,499
Adjustments for:				
Finance costs	*13,16,17*	**36,508,551**	16,744,728	8,474,222
Depreciation and amortization	*22,23*	**23,152,547**	22,791,427	12,970,161
Provision for retirement benefits	*18*	**10,458,174**	6,268,941	7,851,673
Impairment loss on trade and other receivables	*6,23*	**4,709,039**	145,673,299	25,001,994
Unrealized foreign exchange loss (gain)	*21,24*	**1,183,942**	403,017	(1,809,732)
Gain on change in fair value of investment properties	*11,21*	**(279,602,907)**	(540,831,730)	(510,604,937)
Interest income	*20*	**(13,642,810)**	(14,556,061)	(3,476,557)
Reversal of allowance for impairment losses on receivables	*6,20*	**(13,471,215)**	-	(37,179,184)
Gain on repossession of asset	*21*	**(12,057,967)**	(4,912,075)	-
Dividend income	*21*	**-**	(716,722)	(626,337)
Gain on sublease	*21*	**-**	(139,125,678)	-
Loss on sale of property and equipment	*24*	**-**	-	308,313
Impairment loss on other current assets	*23*	**-**	-	16,515,437
Operating income (loss) before working capital changes		**(116,849,315)**	139,065,308	97,754,552
Decrease (increase) in:				
Trade and other receivables		**364,935,872**	(434,821,642)	(311,026,185)
Prepayments and other current assets		**480,773**	(116,104,867)	(147,230,285)
Real estate inventories		**29,067,260**	363,270,881	473,960,364
Increase (decrease) in:				
Trade and other payables		**(83,311,969)**	(223,906,560)	194,549,076
Unearned income		**65,739**	395,856	(3,897,629)
Other non-current liabilities		**(2,073,117)**	3,525,729	(27,048,517)
Net cash provided by (used in) operations		**192,315,243**	(268,575,295)	277,061,376
Interest received		**13,642,810**	14,556,061	3,476,557
Contributions to retirement fund	*18*	**(2,000,000)**	-	(4,000,000)
Retirement benefits paid		**(300,000)**	-	-
Dividends received		**-**	716,722	626,337
Net cash provided by (used in) operating activities		**203,658,053**	(253,302,512)	277,164,270

Forward

PHILIPPINE REALTY AND HOLDINGS CORPORATION
SEPARATE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

	Note	2020	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property and equipment	*12*	**(P1,388,537)**	(P7,153,457)	(P8,800,170)
Additions to investment properties	*11*	**(61,376,533)**	(69,659,161)	(135,765,653)
Proceeds from sale of property and equipment		**171,763**	-	2,828,712
Return of investments	*10*	**7,045,222**	-	-
Net cash used in investing activities		**(55,548,085)**	(76,812,618)	(141,737,111)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from loans payable	*16*	**831,343,910**	857,071,000	9,287,000
Finance lease receipts	*13*	**11,300,404**	11,066,012	-
Payments of lease liability	*13*	**(14,112,902)**	(14,355,492)	-
Finance costs paid	*13,16*	**(34,584,340)**	(16,744,728)	(8,474,222)
Payments of loans payable	*16*	**(952,575,586)**	(365,925,089)	(205,429,114)
Proceeds from collections of subscriptions receivable		**-**	27,750	-
Net cash provided by (used in) financing activities		**(158,628,514)**	471,139,453	(204,616,336)
EFFECTS OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS		**(1,183,942)**	(403,017)	1,809,732
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(11,702,488)**	140,621,306	(67,379,445)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**207,782,998**	67,161,692	134,541,137
CASH AND CASH EQUIVALENTS AT END OF YEAR		**P196,080,510**	P207,782,998	P67,161,692

See Notes to the Separate Financial Statements.

1. Corporate Information

Philippine Realty and Holdings Corporation (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on July 13, 1981 with a corporate life of fifty (50) years. The principal activities of the Company include the acquisition, development, sale and lease of all kinds of real estate and personal properties, and as an investment and holding company.

The Company was listed with the Philippine Stock Exchange (PSE) on September 7, 1987.

The Company is 35.67% owned by Greenhills Properties, Inc. (GPI), a corporation incorporated under the laws of the Philippines. The remaining shares are owned by various individuals and institutional stockholders.

On July 23, 2018, the Stockholders approved the amendment of Article VII of the Company's Articles of Incorporation increasing the Company's authorized capital stock from 8,000,000,000 common shares with a par value of PhP0.50 per share to 16,000,000,000 common shares with a par value of PhP0.50 per share. The Company's application with the SEC for the increase in authorized capital was approved on May 14, 2019.

The contribution of two vacant lots in Bonifacio Global City (BGC) by Greenhills Properties, Inc. (GPI) in exchange for the Company's shares of stock is still pending. The transfer of title of the two vacant lots is in the final processing stage at the Registry of Deeds as of reporting date. Issuance of shares will be done upon complete transfer of title to the Company.

The Company's registered address is at One Balete, 1 Balete Drive Corner N. Domingo St. Brgy. Kaunlaran, District 4, Quezon City 1111, Philippines.

Outlook for the Future
The Philippines is experiencing a general economic downturn due to a global pandemic. Presently, the National Capital Region and other parts of the country are under various stages of community quarantine. Management believes that the outbreak of COVID-19 pandemic and the quarantine declarations, while causing some uncertainties and growth in risks, do not adversely impact the Company's ability to continue as a going concern.

Events After the Reporting Period

Impact of the proposed Corporate Recovery and Tax Incentives for Enterprises Act (CREATE)
On February 3, 2021, the Congress ratified the "Corporate Recovery and Tax Incentives for Enterprises Act" or "CREATE", which seeks to reduce the corporate income tax rates and to rationalize the current fiscal incentives by making it time-bound, targeted, and performance-based.

As of the issue date of these financial statements, the CREATE bill is awaiting approval by the President of the Philippines.

The following are certain provisions of the bill that are expected to have an impact on the Company's financial statements once passed into law:

- Reduced RCIT rate effective July 1, 2020 of 25%
- Reduced MCIT rate of 1% effective July 1, 2020 until June 30, 2023

In accordance with Philippine Interpretations Committee Questions and Answers No. 2020-07 (which is still subject to the Board of Accountancy's approval as of the issue date), the CREATE Bill is considered to be not substantively enacted as of December 31, 2020; accordingly, the current and deferred taxes for financial reporting purposes as of December 31, 2020 are measured using the regular income tax rate in effect as of December 31, 2020, which is 30%.

CREATE is expected to reduce the current income tax expense of the company in 2020 and in future years. Deferred income tax is expected to decrease with corresponding decrease in deferred tax liability.

2. Basis of Preparation

Statement of Compliance

The separate financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS), which include the availment of the relief granted by the Securities and Exchange Commission (SEC) under Memorandum Circular Nos. 14-2018 and 3-2019 as discussed in the section below on the Adoption of New and Amended Accounting Standards and Interpretations. PFRS includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC), as approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

The Company also prepares and issues consolidated financial statements for the same period in which it consolidates all its investments in subsidiaries. Such consolidated financial statements provide information about the economic activities of the group of which the Company is the parent.

The separate financial statements as of and for the year ended December 31, 2020 were reviewed by the Company's Audit Committee and authorized for issuance by the Board of Directors (BOD) on March 16, 2021.

Basis of Measurement

The Company's separate financial statements have been prepared under the historical cost convention, except for the following which are measured using alternative basis at each reporting date:

Financial assets at FVPL	Fair value
Financial assets at FVOCI	Fair value
Investment properties	Fair value
Retirement benefit obligation	Present value of the defined benefit obligation less fair value of plan assets

Functional and Presentation Currency

The separate financial statements are presented in Philippine peso, which is the presentation and functional currency of the Company. All financial information presented have been rounded to the nearest peso, unless otherwise stated.

Use of Estimates and Judgments

The preparation of the separate financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the separate financial statements are described in Note 30.

3. Cash and Cash Equivalents

This account consists of:

	2020	2019
Cash on hand	**P20,000**	P22,000
Cash in banks	**185,706,773**	132,885,582
Cash equivalents	**10,353,737**	74,875,416
	P196,080,510	P207,782,998

Cash in banks earned an average annual interest of 0.05% during 2020 and 2019. Cash equivalents represent money market placements or short-term investments with maturities up to three months and annual interest of 2.75% in 2020 and 2019.

Interest income recognized amounted to P750,818, P1,069,925 and P1,020,842 in 2020, 2019 and 2018, respectively (see Note 20).

4. Financial Assets at FVPL

This account is composed of listed equity securities that are held for trading amounting to P6,750,000. The fair values of these securities are based on quoted market price.

5. Financial Assets at FVOCI

As at December 31, financial assets at FVOCI consist of investments in:

	Note	2020	2019
At cost:			
Listed shares of stock		**P58,332,808**	P58,332,808
Golf and country club shares		**3,350,000**	3,350,000
		61,682,808	61,682,808
Accumulated unrealized holding loss	*27*	**(20,672,288)**	(25,988,878)
		P41,010,520	P35,693,930

The movements in this account are summarized as follows:

	Note	2020	2019
Balance at beginning of year		**P35,693,930**	P41,333,478
Fair value adjustments	*27*	**5,316,590**	(5,639,548)
Balance at end of year		**P41,010,520**	P35,693,930

These are investments in shares of stock of various listed equity securities, and golf and country club shares that present the Company with opportunity for return through dividend income. The fair values of these investments are based on quoted market prices. Unrealized holding gains or losses from market value fluctuations are recognized as part of the Company's reserves.

The above investments in equity instruments are not held for trading and the Company irrevocably elected to present subsequent changes in fair values in OCI.

Unrealized holding gain (loss) recognized in other comprehensive income from FVOCI financial assets amounted to P5.32 million in 2020, (P5.64) million in 2019 and (P15.45) million in 2018 (see Note 27).

Dividend income recognized in profit or loss amounted to nil in 2020, P716,722 in 2019 and P626,337 in 2018 (see Note 21).

6. Trade and Other Receivables

This account consists of:

	Note	**2020**	2019
Trade:			
Sale of real estate	*17*	**P1,087,032,291**	P1,494,999,148
Lease		**25,945,740**	10,911,410
Advances to subsidiaries and associates	*17*	**248,069,238**	242,715,964
Advances		**37,117,124**	46,268,108
Other receivables		**183,379,219**	151,584,854
		1,581,543,612	1,946,479,484
Less: allowance for impairment losses		**(328,197,870)**	(336,960,046)
		P1,253,345,742	P1,609,519,438

Trade receivables include amounts due from buyers of the Company's condominium projects, generally over a period of three (3) or four (4) years. The condominium certificates of title remain in the possession of the Company until full payment has been made by the customers. Trade receivables due after one year amounted to P179.62 million in 2020 and P1.27 billion in 2019. Trade receivables carry yield-to-maturity interest rates of 5.64% in 2020 and 2019. Interest income recognized amounted to P2,016,397, P2,484,558 and P2,333,762 in 2020, 2019 and 2018, respectively (see Note 20).

Certain trade receivables with total carrying amount of P184.54 million as at December 31, 2020 are pledged to a local bank as collateral to the Company's loans payable (see Note 16).

Advances consist mainly of advances to officers and employees.

In 2014, the Company and Xcell entered into a final joint arrangement that will be the final settlement for both parties since Icon Residences and Icon Plaza were 100% completed and the objectives of the agreement were already achieved. The Company's final settlement from the project amounted to a total of P891 million. As at December 31, 2020 and 2019, there are outstanding receivables from Xcell amounting to P9.7 million included in the other receivables.

Other receivables also consist of receivables amounting to P100.7 million as at December 31, 2020 and 2019, respectively, in relation to the parcels of land sold in 2014. The remaining balances are receivables from concessionaires.

Receivables amounting to P328.20 million and P336.96 million as of December 31, 2020 and 2019, respectively, were impaired and provided for. The allowance for doubtful accounts for receivables has been determined as follows:

	2020	2019
Subject to 12-month ECL	**P24,367,246**	P20,259,346
Subject to lifetime ECL	**303,830,624**	316,700,700
Total	**P328,197,870**	P336,960,046

An impairment analysis is performed at the reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due of all customers as they have similar loss patterns. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity. The security deposits and advance rental are considered in the calculation of impairment as recoveries. As of December 31, 2020 and 2019, the exposure at default amounts to P465 million and P359 million, respectively. The expected credit loss rate is 6% that resulted in the ECL of P24.37 million and P20.26 million as at December 31, 2020 and 2019, respectively (see Note 29).

Movements in allowance for impairment losses on receivables in 2020 and 2019 are as follows:

	Note	2020	2019
Beginning balance		**P336,960,046**	P191,286,747
Provisions for the year	*23*	**4,709,039**	145,673,299
Reversal of provision	*21*	**(13,471,215)**	-
Total		**P328,197,870**	P336,960,046

7. Real Estate Inventories

This account consists of:

	2020	2019
In progress:		
Andrea North Skyvillas Tower	**P112,178,615**	P209,667,249
Andrea North Estate	**137,714,537**	88,058,328
BGC Project	**223,055,991**	154,516,512
	472,949,143	452,242,089
Completed units:		
Andrea North Skyline Tower	**P144,979,500**	P182,695,848
The Icon Plaza	**40,864,850**	40,864,849
Casa Miguel	**6,895,314**	6,895,314
	192,739,664	230,456,011
Land held for development:		
New Manila, Quezon City	**135,366,913**	135,366,913
Baguio	**-**	341,066,697
	135,366,913	476,433,610
	P801,055,720	P1,159,131,710

BGC Project represents the cost of the master plan design, excavation works, survey and permits of the new towers in BGC and capitalized loan interest.

In July 2011, the Company had a joint arrangement with Xcell Property Ventures, Inc. (Xcell) for the development of a residential/commercial condominium on the Company's Fort Bonifacio lot to be called "The Icon Plaza." The Company contributed lot 9-4 to the joint arrangement and in return will receive twenty percent (20%) of the aggregated area of all the completed and saleable units of the project, plus 35% of the joint arrangement's pre-tax profits from the project which was agreed by the parties in 2014 to amount to P891 million. The Company's share on the saleable area of The Icon Plaza under the joint arrangement with Xcell is recorded as real estate inventories.

In December 2020, the Company entered into a lease agreement with PRHC Property Managers, Inc. (PPMI) to lease the Baguio property to for a period of two (2) years. This lease is renewable upon mutual agreement of both parties. Consequently, due to the change in use, the Baguio property was reclassified to investment property (see Note 11).

Certain real estate inventories are mortgaged as collaterals to loans (see Note 16).

The cost of real estate inventories recognized as cost amounted to P161,787,110, P583,833,983 and P594,013,963 in 2020, 2019 and 2018, respectively.

8. Prepayments and Other Current Assets

This account consists of:

	2020	2019
Prepaid taxes	**P144,850,215**	P144,850,215
Creditable withholding tax	**121,595,021**	99,951,007
Prepaid expenses	**77,968,885**	93,836,117
Deposits	**4,723,660**	4,723,660
Deferred input tax	**4,428,704**	14,041,807
Others	**11,059,595**	10,430,208
	P364,626,080	P367,833,014

Prepaid taxes are unutilized creditable withholding taxes which were filed for refund with the Bureau of Internal Revenue.

Creditable withholding tax pertains to taxes withheld by the Company's customers in accordance with tax regulations which remained unutilized as at the end of the reporting period. This can be utilized by the Company as a deduction from future income tax obligations.

Prepaid expenses consist of advance payment to contractors, rent, real property tax, insurance premium and membership dues.

Deposits pertain to refundable deposits paid to utility companies. These also include security deposits paid in relation to an office lease agreement.

9. Investments in Subsidiaries

Details of the Company's ownership interest in subsidiaries as of December 31 are as follows:

	2020	2019
PRHC Property Managers, Inc. (PPMI)	**100%**	100%
Tektite Insurance Brokers, Inc. (TIBI)	**100%**	100%
Sultan's Power, Inc. (SPI)	**100%**	100%
Universal Travel Corporation (UTC)	**81.53%**	81.53%

The details of the Company's investments in subsidiaries are as follows:

	2020	2019
Investments in Subsidiaries:		
Tektite Insurance Brokers, Inc. (TIBI)	**P13,900,000**	P13,900,000
Universal Travel Corporation (UTC)	**5,722,796**	5,722,796
PRHC Property Managers, Inc. (PPMI)	**5,200,000**	5,200,000
Sultan's Power, Inc. (SPI)	**1,000,000**	1,000,000
	25,822,796	25,822,796
Allowance for impairment loss	**(5,722,796)**	(5,722,796)
	P20,100,000	P20,100,000

Management performed an assessment for impairment on its investments in subsidiaries. The negative net worth of Universal Travel Corporation (UTC) indicates the impairment in the value of investments in this entity. Accordingly, the Company provided an allowance for impairment loss amounting to P5,722,796 for investments in UTC.

Aggregated amounts relating to subsidiaries are as follows:

	2020	2019
PRHC Property Managers, Inc. (PPMI)		
Total assets	**P89,647,266**	P80,224,108
Total liabilities	**32,440,862**	33,160,720
Net assets	**57,206,404**	47,063,388
Income	**51,449,342**	52,970,491
Cost and expenses	**(41,306,326)**	(48,918,166)
Net income	**P10,143,016**	P4,052,325
Tektite Insurance Brokers, Inc. (TIBI)		
Total assets	**P14,084,471**	P13,623,674
Total liabilities	**3,767,959**	2,551,984
Net assets	**10,316,512**	11,071,690
Income	**4,614,745**	5,952,824
Cost and expenses	**(5,369,923)**	(7,193,884)
Net loss	**(P755,178)**	(P1,241,060)

	2020	2019
Universal Travel Corporation (UTC)		
Total assets	**P1,173,454**	P1,183,624
Total liabilities	**29,957,333**	29,902,435
Net liabilities	**(28,783,879)**	(28,718,811)
Income	**12,293**	25,941
Cost and expenses	**(77,361)**	(56,488)
Net loss	**(P65,068)**	(P30,547)
Sultan's Power, Inc. (SPI)		
Total assets	**P1,454,716**	P50,000
Total liabilities	**76,699,222**	74,809,343
Net liabilities	**(75,244,506)**	(74,759,343)
Income	-	-
Cost and expenses	**(485,163)**	(35,841,541)
Net loss	**(P485,163)**	(P35,841,541)

The following are the principal activities of the Company's subsidiaries:

PRHC Property Managers, Inc.
PPMI was incorporated and registered with the SEC on May 24, 1991 to engage in the business of managing, operating, developing, buying, leasing and selling real and personal property either for itself and/or for others.

The registered office of PPMI is 29th/F East Tower, Philippine Stock Exchange Centre (PSE), Exchange Road, Ortigas Center, Pasig City.

Tektite Insurance Brokers, Inc.
TIBI was incorporated and registered with the SEC on January 2, 1989 to engage in the business of insurance brokerage.

The registered office of TIBI is 20/F, East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City.

Universal Travel Corporation
UTC was incorporated and registered with the SEC on November 9, 1993 to engage in the business of travel services by providing, arranging, marketing, engaging or rendering advisory and consultancy services relating to tours and tour packages. On March 15, 2018, the Board of Directors of UTC approved the resolution on the cessation of its operations effective July 31, 2018. Thereafter, the Company became inactive.

The registered office of UTC is 29th/F, East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City.

Sultan's Power, Inc.
SPI was incorporated under Philippine laws and registered with the SEC on March 19, 2015 as a holding company and commenced operations as such by acquiring the majority outstanding shares of stock of Recon-X Energy Corporation (Recon-X), a company incorporated in the Philippines, engaged in the business of converting plastic waste into fuel. Recon-X is currently in the initial stage of its test runs. As at December 31, 2020, Recon-X is in the process of procuring additional catalyst and materials for the plastic to diesel conversion plant to be used to process plastic wastes into fuel. The target date of Recon-X to start its commercial operations is on the third quarter of 2021.

The registered office of SPI is Unit 2001B, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City.

10. Investments in Associates

Details of the Company's ownership interest in associates as at December 31 are as follows:

	2020	2019
Meridian Assurance Corporation (MAC)	**30%**	30%
Alexandra (USA), Inc. (AUI)	**45%**	45%
Le Cheval Holdings, Inc. (LCHI)	**45%**	45%

The details of the Company's investments in associates are as follows:

	2020	2019
Investments in Associates:		
Meridian Assurance Corporation (MAC)	**P81,829,858**	P88,875,080
Alexandra (USA), Inc. (AUI)	**14,184,150**	14,184,150
Le Cheval Holdings, Inc. (LCHI)	**11,250**	11,250
	96,025,258	103,070,480
Allowance for impairment loss	**(14,195,400)**	(14,195,400)
	P81,829,858	P88,875,080

Management performed an assessment for impairment on its investment in associates. The imminent liquidation of Alexandra USA, Inc. (AUI) indicates the possible impairment in the value of investment in this entity. In 2011, the Company provided an allowance for impairment loss amounting to P14,184,150 for investments in AUI.

The Company also provided an allowance for impairment loss amounting to P11,250 for investments in LCHI.

Aggregated amounts relating to associates are as follows:

	2020	2019
Meridian Assurance Corporation (MAC)		
Total assets	**P245,278,345**	P288,706,713
Total liabilities	**32,858,619**	39,729,679
Net assets	**212,419,726**	248,977,034
Income	**13,419,950**	18,629,114
Cost and expenses	**(26,067,795)**	(21,417,072)
Net loss	**(P12,647,845)**	(P2,787,958)
Le Cheval Holdings, Inc. (LCHI)		
Total assets	**P45,362**	P45,362
Total liabilities	**142,248**	142,248
Net assets	**(96,886)**	(96,886)
Income	**-**	-
Cost and expenses	**-**	(19,955)
Net loss	**P -**	(P19,955)

The following are the principal activities of the Company's associates:

Meridian Assurance Corporation
MAC was incorporated and registered with the SEC on March 16, 1960, renewed on November 13, 2007, primarily to engage in the business of insurance and guarantee of any kind and in all branches except life insurance, for consideration, to indemnify any person, firm or corporation against loss, damage or liability arising from any unknown or contingent event, and to guarantee liabilities and obligations of any person, firm or corporation and to do all such acts and exercise all such powers as may be reasonably necessary to accomplish the above purposes which may be incidental.

MAC did not comply with the minimum capital requirement set by the Insurance Commission as of December 31, 2016, as it is ceding its insurance business portfolio to another insurance company. MAC, however, will continue servicing the administrative requirements of all outstanding policies issued until their expiry. On March 30, 2017, the Company wrote the Insurance Commission to apply for a license as a servicing company and tendered its Certificate of Authority (CA) as non-life insurance company. Pending issuance of the servicing license, the Company still issued new policies up to April 30, 2017. On May 1, 2017, the Insurance Commission approved the Company's application as a servicing company and issued a servicing license. As a servicing insurance company, the Company's transactions are confined to: (i) accepting periodic premium payments from its policyholders; (ii) granting policy loans and paying cash surrender values of outstanding policies to its policyholders; (iii) reviving lapsed policies of its policyholders, and (iv) such other related services. Upon divestment of the insurance business, the Company plans to engage in the business of asset management.

In 2020, the Insurance Commission approved the release of the contingency surplus of MAC to its stockholders. The Company received its 30% share amounting to P7,045,222.

The registered office of MAC is 7/F, West Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City. Aside from its head office in Metro Manila, it maintains offices in the cities of Cebu and Davao.

Le Cheval Holdings, Inc.
LCHI was incorporated and registered with the SEC on August 30, 1994 as a holding company and had commenced operations as such by acquiring the majority outstanding shares of stock of Philippine Racing Club, Inc. (PRCI), a holding company incorporated in the Philippines. In 1996, LCHI sold its shares of stock of PRCI. Thereafter, LCHI became inactive.

Alexandra (USA), Inc.
AUI was incorporated in the United States of America (USA). AUI is involved in property development in Florida, USA. AUI is jointly owned with GPI (45%) and Warrenton Enterprises Corporation (10%) of William Cu-Unjeng. AUI is in the process of liquidation after the completion of the projects in Naples and Orlando. No information was obtained on the financial status and operations of AUI since 2012.

11. Investment Properties

The Company obtained the services of an independent valuer who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued. The effects are detailed below:

	2020	2019
Cost		
Balance, beginning	**P809,047,607**	P825,630,008
Additions	**61,376,533**	69,659,161
Reclassified from (to) inventory	**341,066,697**	(86,241,562)
Balance, ending	**1,211,490,837**	809,047,607
Accumulated unrealized holding gain	**1,667,828,770**	1,388,225,863
	P2,879,319,607	P2,197,273,470

An independent valuation of the Company's investment property was performed by appraisers as of December 9, 2020 and December 16, 2020 to determine their fair value. The external independent appraiser used sales comparison approach in arriving at the value of the properties. In this approach, the value of the properties is based on sales and listings of comparable properties. This is done by adjusting, the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity or at a different floor level of the same building. Comparison would be premised on factors such as location, size and physical attributes, selling terms, facilities offered and time element.

In 2020 and 2019, the Company acquired condominium units and parking spaces of PSE Tower I and II.

Details of investment properties are as follows:

	2020	2019
Cost of investment properties		
PSE Tower I	**P520,154,179**	P497,009,178
PSE Tower II	**188,103,423**	188,103,423
Icon Plaza	**125,063,633**	123,935,006
Baguio	**378,169,602**	-
	1,211,490,837	809,047,607
Accumulated unrealized holding gain		
PSE Tower I	**981,403,001**	858,489,542
PSE Tower II	**466,831,067**	416,741,187
Icon Plaza	**123,694,585**	112,995,134
Baguio	**95,900,117**	-
	1,667,828,770	1,388,225,863
	P2,879,319,607	P2,197,273,470

Rental income recognized from the investment properties amounted to P69,119,550 in 2020, P49,396,324 in 2019, and P76,466,492 in 2018. Real property taxes attributable to the investment property amounted to P22,124,552 in 2020, P8,693,849 in 2019 and P6,008,868 in 2018 are included as part of taxes and licenses in cost of services. Condominium dues attributable to the investment properties amounted to P10,127,213 in 2020, P11,117,177 in 2019 and P9,247,509 in 2018 are included also in cost of services.

Certain investment properties are mortgaged as collateral to loans (see Note 16).

In 2019, the management decided to change the plan for the Baguio property previously recorded as investment property from held for development to earn rental income to held for development and sale. Accordingly, the property was reclassified to real estate inventories under land for development.

In December 2020, the Baguio Property which consists of land with total area of 16,158sqm, buildings and other land improvements was returned to investment property from real estate inventories under land for development due to commencement of an operating lease with another party, as disclosed in Note 7.

12. Property and Equipment

The details of the carrying amounts of property and equipment, the gross carry amounts, and accumulated depreciation and amortization of property and equipment are shown below:

	For the Years Ended December 31, 2020 and 2019			
	Building and Building Improvements	Office Furniture, Fixtures and Equipment	Transportation and Other Equipment	Total
Cost				
January 1, 2019	P82,341,739	P25,240,228	P47,810,984	P155,392,951
Additions	-	2,479,512	4,673,945	7,153,457
December 31, 2019	82,341,739	27,719,740	52,484,929	162,546,408
Additions	336,841	291,358	760,338	1,388,537
Disposals	-	-	(381,696)	(381,696)
December 31, 2020	**82,678,580**	**28,011,098**	**52,863,571**	**163,553,249**
Accumulated Depreciation and Amortization				
January 1, 2019	16,382,268	22,573,153	20,802,338	59,757,759
Provision	3,336,010	1,361,082	8,398,840	13,095,932
December 31, 2019	19,718,278	23,934,235	29,201,178	72,853,691
Provision	3,370,946	1,732,248	8,353,858	13,457,052
Disposals	-	-	(209,933)	(209,933)
December 31, 2020	**23,089,224**	**25,666,483**	**37,345,103**	**86,100,810**
Carrying Amount December 31, 2019	P62,623,461	P3,785,505	P23,283,751	P89,692,717
Carrying Amount December 31, 2020	**P59,589,356**	**P2,344,615**	**P15,518,468**	**P77,452,439**

Certain transportation equipment of the Company with total carrying value of P19.89 million and P22.68 million as at December 31, 2020 and 2019, respectively are pledged as security under chattel mortgage (see Note 16).

13. Leases

Lease agreement as lessee

The Company leases two parcels of land located at 5th avenue corner 25th Street, Bonifacio Global City, Taguig City. These contracts have a term of fifteen (15) years, renewable for another ten years upon submission of a written notice to renew at least ninety days prior to the expiration of the original term, with terms and conditions mutually agreed by both parties.

The Company also leases a condominium unit located at the 20th floor, East tower of Philippine Stock Exchange Centre, Exchange Centre, Exchange Road, Ortigas Center, Pasig City. The contract has a term of five (5) years and is renewable upon mutual agreement of both parties.

The carrying amount of right-of-use assets as at December 31, 2020 and 2019 is shown below.

	2020	2019
Right-of-use asset	P117,558,116	P117,558,116
Accumulated amortization	(19,390,990)	(9,695,495)
Carrying amount	P98,167,126	P107,862,621

A maturity analysis of lease liabilities based on discounted gross cash flows is reported in the table below:

	2020	2019
Less than 1 year	P14,459,726	P14,112,902
More than 1 year	187,879,730	202,339,455
Total lease liabilities	P202,339,456	P216,452,357

Amounts recognized in profit or loss:

	Note	2020	2019
Depreciation expense	*22,23*	P9,695,495	P9,695,495
Interest expense		9,661,848	9,413,508

Lease agreements as lessor

A. The Company entered into a sublease contract relating to one of the parcels of land being leased in BGC as discussed above. This agreement was assessed by the management to be of a financing lease. This agreement is renewable at the end of the lease term of initially fifteen (15) years upon mutual consent of the parties.

Amounts receivable under finance lease	2020	2019
Year 1	P22,545,600	P22,176,000
Year 2	23,284,800	22,545,600
Year 3	23,672,896	23,284,800
Year 4	24,449,088	23,672,896
Year 5	24,856,576	24,449,088
Onwards	183,019,840	207,876,416
Undiscounted lease payments	301,828,800	324,004,800
Present value of minimum lease payments receivable	P230,261,995	P241,562,399

Amounts recognized in profit or loss:

	Note	2020	2019
Interest income	*20*	P10,875,595	P10,405,989
Gain on sublease	*21*	-	139,125,678

B. The Company entered into short-term lease agreements including condominium units, office spaces and food plaza spaces. The lease contracts between the Company and its lessees have a term of one year which are renewable annually.

Total rental income earned during 2020, 2019 and 2018 amounted to P69.12 million, P49.40 million and P100.32 million, respectively.

Deferred rental income classified under other non-current liabilities amounting to P39 million and P41 million as of December 31, 2020 and 2019, respectively, pertains to advance rent received from lessees to be applied on the last three (3) months of the lease contract.

Refundable deposits on these lease agreements amounted to P17,804,988 and P20,448,429 in 2020 and 2019, respectively, and is included as part of trade and other payables as disclosed in Note 14.

14. Trade and Other Payables

This account consists of:

	Note	2020	2019
Non-trade payables		**P75,413,635**	P75,941,681
Accrued expenses		**62,679,924**	63,144,602
Retention fee payable		**41,190,780**	56,012,941
Customers' deposits		**33,659,390**	77,534,329
Refundable deposits	*13*	**17,804,988**	20,448,429
Due to government agencies		**4,179,963**	18,882,492
Trade payables		**3,738,170**	8,090,134
		P238,666,850	P320,054,608

Non-trade payables consist of transfer fees and retention commission payable.

Non-current portion of trade and other payables amounted to P147,978,168 and P120,738,909 as at December 31, 2020 and 2019, respectively.

Accrued expenses consist of unpaid liabilities on outside services, insurance, supplies and other expenses.

Retention fee payable pertains to retention fees withheld from the contractors of ongoing projects.

Customers' deposits consist of down payments representing less than 25% of the contract price of the condominium unit sold received from each customer which are deductible from the total contract price.

Due to government agencies consist mainly of payable to the Bureau of Internal Revenue, SSS, HDMF and Philhealth.

15. Unearned Income

The Company has an on-going project called the Andrea North Skyvillas Tower ("Skyvillas"). Skyvillas started construction in 2011 and is 99.96% complete as at December 31, 2020 and 2019, respectively. Details of unearned income are as follows:

	2020	2019
Total sales value of completed units	**P3,403,454,645**	P3,239,107,500
Percentage uncompleted	**.04%**	.04%
	P1,361,382	P1,295,643

16. Loans Payable

The movements in the loans payable are summarized as follows:

	2020	2019
Balance at beginning of year	**P1,151,824,960**	P660,679,049
Availments of loan	**831,343,910**	857,071,000
Payments of principal	**(952,575,586)**	(365,925,089)
Balance at end of year	**P1,030,593,284**	P1,151,824,960

Interest on loans payable charged to profit or loss amounted to P24,864,954, P7,331,220, and P8,474,222 in 2020, 2019 and 2018, respectively. Interest on loans payable capitalized as part of real estate inventories amounted to P61,561,281 and P64,554,325 in 2020 and 2019, respectively.

This account is composed of the following:

	2020	2019
Payable within one year:		
Philippine Bank of Communications	**P200,660,372**	P122,520,371
Philippine National Bank	**100,000,000**	350,000,000
Maybank Philippines, Inc.	**30,137,149**	-
Union Bank of the Philippines	**5,313,014**	5,206,899
RCBC Savings Bank	**3,402,557**	2,962,245
	339,513,092	480,689,515
Payable after one year:		
Philippine Bank of Communications	**525,495,279**	654,295,652
Maybank Philippines, Inc.	**154,401,777**	-
Union Bank of the Philippines	**7,258,169**	11,303,778
RCBC Savings Bank	**3,924,967**	5,536,015
	691,080,192	671,135,445
	P1,030,593,284	P1,151,824,960

Maybank Philippines, Inc. (Maybank)
In 2016, the Company entered into a loan and hold-out agreement with Maybank. In April 2016, Maybank approved a P150 million credit line under which the Company drew down P80 million in April 2016 and P70 million in May 2016. These loans are payable three (3) years from date of drawdown.

These loans bear 3.75% interest rate, payable monthly in arrears and secured by hold-out rights in favor of Maybank over the time deposit covering the total amount of P150 million maintained by GPI in Maybank Ortigas Branch.

This loan has been fully paid as at December 31,2019.

On February 27, 2020, the Company entered into a contract to sell receivables with recourse with Maybank for a total amount of P200 million, of which P184.54 million are outstanding as at December 31, 2020. These loans bear an interest of 6.75% monthly subject to annual re-pricing with lump-sum payment upon maturity.

Union Bank of the Philippines (UBP)
In July 2016, the Company availed car loans from Union Bank which bears 9.11% interest and is payable in installment within sixty (60) months. These loans are secured by certain transportation equipment of the Company (see Note 12).

RCBC Savings Bank (RCBC)
In July 2017, the Company availed a car loan from RCBC Savings Bank which bears 8.72% interest and is payable in installment within sixty (60) months. These loans are secured by certain transportation equipment of the Company (see Note 12).

Philippine Bank of Communications (PBCom)
In 2017, the Company entered into a bridge funding agreement with PBCom. PBCom approved a P500 million credit line under which the Company drew down P500 million in September 2017. These loans are payable within five (5) years from date of drawdown. These loans bear 6% interest rate and is payable quarterly in arrears and secured by certain condominium units and other properties mortgaged in favor of PBCom with total carrying amount of P1.87 billion as at December 31, 2020.

Philippine National Bank (PNB)
In 2019, the Company availed of working capital loans from Philippine National Bank with a total principal amount of P800 million which has been fully paid in 2020. The Company availed new loans in 2020 with total principal amount of P100 million. These loans bear an interest of 5.25% annually and payable within three (3) months subject to extension upon lapse of the maturity date. Interest rates will then be re-evaluated to conform with the current period's rate. These loans are secured by the land in New Manila Quezon City with the carrying amount of P135.4 million (see Note 7).

17. Related Party Transactions

In the normal course of business, the Company entered into various significant transactions with related parties. Significant transactions with related parties follow:

As at and for the year ended December 31, 2020	**Transactions**	**Outstanding balance**	**Terms and conditions**
Trade receivables			Sales of condominium units to related parties are based on the effective price list and terms that would be available to third parties. The receivables are secured with related units until full payment; and payable monthly within two (2) years.
Principal Shareholder			
Greenhills Properties, Inc.			
Collections during the year	**P73,863,594**	**P51,892,140**	
Gain on repossession of asset	**12,057,967**	**-**	
Purchase of services			Purchase of services is negotiated with related parties on a cost-plus basis and is due 30 days after the end of the month. These payables are unsecured and bear no interest and settled in cash.
Subsidiary			
Tektite Insurance Brokers, Inc.			
Purchase of services	**P7,945,497**		
Payments during the year	**(7,945,497)**	**P -**	
Interest expense			In 2020, the Company paid its 30% share on the interest expense of the loan related to contingency surplus.
Associate			
Meridian Assurance Corporation			
Payments during the year	**(P1,981,749)**	**P -**	

Forward

As at and for the year ended December 31, 2020	**Transactions**	**Outstanding balance**	**Terms and conditions**
Advances			Advances to subsidiaries and associates are unsecured, non-interest bearing and to be settled in cash (see Note 6).
Alexandra (USA), Inc., Associate	**P -**	**P132,417,765**	
Sultan's Power, Inc., Subsidiary	**1,809,359**	**76,409,530**	
Universal Travel Corporation, Subsidiary	**24,098**	**29,897,408**	
PRHC Property Managers, Inc., Subsidiary	**3,519,190**	**9,222,303**	
Le Cheval Holdings, Inc., Associate	**-**	**122,248**	
Meridian Assurance Corporation, Associate	**627**	**(16)**	
Less: Allowance for impairment loss	**(122,248)**	**(237,135,099)**	
Balance, net	**P5,231,026**	**P10,934,139**	
Key management personnel			Key management includes directors (executive and non-executive) and executive officers. Short-term benefits are payable monthly and termination benefits are payable upon retirement.
Short-term benefits			
Salaries and other short-term employee benefits	**P40,011,956**	**P -**	
Termination benefits			
Provision for retirement benefits/PVO	**10,458,174**	**-**	

As at and for the year ended December 31, 2019:	Transactions	Outstanding balance	Terms and conditions
Trade receivables			Sales of condominium units to related parties are based on the effective price list and terms that would be available to third parties. The receivables are secured with related units until full payment; and payable monthly within two (2) years.
Principal Shareholder			
Greenhills Properties, Inc.			
Sale of real estate inventories	P -		
Collections during the year	39,556,687	P125,755,734	
Gain on repossession of asset	4,912,075	-	
Purchase of services			Purchase of services are negotiated with related parties on a cost-plus basis and are due 30 days after the end of the month. These payables are unsecured and bear no interest and settled in cash.
Subsidiary			
Tektite Insurance Brokers, Inc.			
Purchase of services	P5,725,628		
Payments during the year	(5,725,628)	P -	
PRHC Property Managers, Inc.			
Purchase of services	-		
Payments during the year	(79,254)	-	
Loans payable			
Associate			
Meridian Assurance Corporation			
Payments during the year	(P50,000,000)	P -	See Note 16

Forward

As at and for the year ended December 31, 2019:	Transactions	Outstanding balance	Terms and conditions
Advances			Advances to subsidiaries and associates are unsecured, non-interest bearing and to be settled in cash (see Note 6).
Alexandra (USA), Inc., Associate	P -	P132,417,765	
Sultan's Power, Inc., Subsidiary	55,197	74,600,171	
Universal Travel Corporation, Subsidiary	-	29,873,310	
PRHC Property Managers, Inc., Subsidiary	2,601,395	5,703,113	
Le Cheval Holdings, Inc., Associate	19,955	122,248	
Meridian Assurance Corporation, Associate	-	(643)	
Less: Allowance for impairment loss	(66,808,746)	(237,012,851)	
Balance, net	(P64,132,199)	P5,703,113	
Key management personnel			Key management includes directors (executive and non-executive) and executive officers. Short-term benefits are payable monthly and termination benefits are payable upon retirement.
Short-term benefits			
Salaries and other short-term employee benefits	P15,894,348	P -	
Termination benefits			
Provision for retirement benefits/PVO	6,268,941	-	

Purchase of services
The Company has an existing agreement with PPMI, a subsidiary, for the latter to manage its real estate properties. In consideration thereof, the Company pays PPMI a fee as stipulated in the management agreement.

In the normal course of business, the Company purchases insurance policies through TIBI.

Advances to related parties
The Company's substantial receivables from AUI, an associate, which is intended to fund the latter's working capital requirement, represents non-interest-bearing advances with no fixed term with the option to convert to equity in case of increase in capital. Advances contributed by AUI's stockholders were in accordance with the percentage of ownership of the stockholders in AUI. With the imminent liquidation of AUI, the receivables have been fully provided with an allowance since 2011.

18. Retirement Benefit Plan

The Company operates a funded, non-contributory defined benefit retirement plan covering substantially all of its regular employees. The plan is administered by a local bank as trustee and provides for a lump-sum benefit payment upon retirement. The benefits are based on the employees' monthly salary at retirement date multiplied by years of credited service. No other post-retirement benefits are provided.

Through its defined benefit retirement plan, the Company is exposed to a number of risks, the most significant of which are detailed below:

- *Asset volatility* - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit.

- *Inflation risk* - Some of the Company's retirement obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out by an independent actuary on February 22, 2021 for the year ended December 31, 2020. The present value of the defined benefit obligation, and the related current service cost were measured using the Projected Unit Credit Method.

The reconciliation of the present value of the defined benefit obligation (PVO) and the fair value of the plan assets to the recognized liability presented as retirement benefit obligation in the separate statements of financial position is as follows:

	2020	2019
Present value of defined benefit obligation	**P72,759,440**	P57,584,364
Fair value of plan assets	**20,641,761**	25,610,093
Recognized liability	**P52,117,679**	P31,974,271

The movements in the present value of defined benefit obligation are shown below:

	2020	2019
Liability at beginning of year	**P57,584,364**	P32,455,125
Current service cost	**9,244,417**	6,088,764
Interest cost	**2,825,604**	2,356,231
Remeasurement losses		
Changes in financial assumptions	**8,011,184**	12,062,512
Experience adjustments	**658,900**	4,621,732
Benefits paid from plan assets	**(5,265,029)**	-
Benefits paid from Company operating funds	**(300,000)**	-
Liability at end of year	**P72,759,440**	P57,584,364

The movements in the plan assets are shown below:

	2020	2019
Fair value of plan assets at beginning of year	**P25,610,093**	P24,442,920
Actual contribution	**2,000,000**	-
Interest income	**1,611,847**	2,176,054
Remeasurement loss		
Return on plan assets, excluding amounts included in interest income	**(3,315,150)**	(1,008,881)
Benefits paid to from plan assets	**(5,265,029)**	-
Fair value of plan assets at end of year	**P20,641,761**	P25,610,093

The Company expects to contribute P17,817,298 to the retirement fund in 2021.

The main categories of plan assets as at December 31, 2020 and 2019 are as follows:

	2020	2019
Cash and cash equivalents	**P18,381,287**	P23,439,193
Equity instruments	**2,309,224**	2,170,900
Accrued interest	**5,640**	-
Liabilities	**(54,390)**	-
	P20,641,761	P25,610,093

The retirement expense recognized in profit or loss consists of:

	2020	2019	2018
Current service cost	**P9,244,417**	P6,088,764	P7,438,436
Net interest on defined benefit liability	**1,213,757**	180,177	413,237
	P10,458,174	P6,268,941	P7,851,673

The retirement expense is recognized as part of employees' benefits under operating expenses in the separate statements of total comprehensive income (see Note 23).

The principal assumptions used to determine retirement benefits obligation of the Company are as follows:

	2020	2019
Discount rate	**3.96%**	5.00%
Future salary increase	**4.00%**	4.00%

Assumptions regarding future mortality and disability are set based on actuarial advice in accordance with published statistics and experience.

The sensitivity analysis of the defined benefit obligation is:

	Increase (decrease) in basis points	Effect on defined benefit obligation
Discount rate	1.00	(P7,736,901)
	(1.00)	9,412,006
Future salary increase	1.00	9,719,757
	(1.00)	(8,124,390)

The above sensitivity analyses are based on changes in principal assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the retirement liability recognized in the separate statements of financial position.

The BOD reviews the level of funding required for the retirement fund. This includes the asset-liability matching (ALM) strategy and investment risk management policy. The Company's ALM objective is to match maturities of the plan assets to the retirement benefit obligation as they fall due. The Company monitors how the duration and expected yield of the investments are matching the expected cash outflows arising from the retirement benefit obligation.

As of December 31, 2020, the weighted average duration of defined benefit obligation is 19.63 years (2019: 20.15 years).

19. Provisions and Contingencies

In 1998, the Company sued Universal Leisure Corporation (ULC) for failing to pay the remaining sales price of condominium units. ULC bought the penthouse unit located in the 34th floor of the West Tower of the Philippine Stock Exchange Centre and 74 parking slots located at the Podium 3 Parking Level of the West Tower under two Contracts to Sell. After paying the down payment, ULC refused to pay the balance due in the principal sums of P32.5 million and P32.4 million. In February 2004, a decision was rendered in favor of the defendant on the account that ULC is an assignee of receivables of DMCI Project Developers, Inc. (DMCI) and Universal Rightfield Property Holdings, Inc. (URPHI). These receivables are allegedly owed by the Company to DMCI and URPHI as a result of cancellation of a joint venture agreement in 1996 entered into by the Company, DMCI and URPHI. The Company was ordered to either (i) deliver to ULC the titles of the condominium units and return to ULC, as assignee of defendants DMCI and URPHI, the amount of P24.7 million or; (ii) to return to ULC the amounts which have been paid including what have been deemed paid over the penthouse unit and the parking spaces, and pay attorney's fees of P600,000. The Company appealed the decision to the Court of Appeals which affirmed the trial court's decision with modification that reduced the attorney's fees from a total of P600,000 to P150,000. During 2011, the Company provided an allowance of P15,507,800 for accounts receivable that are deemed not recoverable from ULC. In December 2012, the Company filed a motion for Reconsideration and the same was denied. Thereafter, the Company filed a Petition for Review on Certiorari with the Supreme Court where the matter resulted to amicable settlement and termination of legal proceedings.

In October 2018, the Company initiated discussions on amicable settlement with ULC offering the return of the amounts paid and deemed paid for the penthouse unit and the 74 parking slots in exchange for getting back the said properties. The parties were able to execute a settlement agreement on February 19, 2019, wherein the Company will pay ULC a total amount of P231,000,000, covering the return of the amounts paid/deemed paid by ULC (for itself and as assignee of DMCI and URPHI) for the penthouse unit located in the 34th floor, West Tower of the Philippine Stock Exchange Centre (formerly Tektite Towers) containing a floor area of 2,370 square meters and 74 parking slots located at the Podium 3 Parking Level of the West Tower of the Philippine Stock Exchange Centre which shall all be returned to the Company, plus total legal fees of P150,000.

With the settlement, ULC allowed the Company to withdraw P18,808,073 from the joint account set-up for the discontinued joint venture project by and among the Company, DMCI and URPHI. DMCI and URPHI contributed the funds in the joint venture account. The Company had to reverse the sale transactions it previously booked and reinstated the investment properties returned at their cost of P180.62 million and had to recognize a net loss on the settlement of P62.07 million (see Note 24).

The Company is also a party to legal claims that arise in the ordinary course of business, the outcome of which is not presently determinable. The Company and its legal counsel, however, believe that final settlement, if any, will not be material to the Company's financial results.

20. Interest Income

This account consists of interest from:

	Note	2020	2019	2018
Sublease	*13*	**P10,875,595**	P10,405,989	P -
Trade receivables	*6*	**2,016,397**	2,484,558	2,333,762
Cash and cash equivalents	*3*	**750,818**	1,069,925	1,020,842
Penalty for late payments		**-**	561,857	-
Others		**-**	33,732	121,953
		P13,642,810	P14,556,061	P3,476,557

21. Other Income

This account consists of:

	Note	2020	2019	2018
Gain on change in fair value of investment properties	*11*	**P279,602,907**	P540,831,730	P510,604,937
Reversal of allowance for impairment losses on receivables	*6*	**13,471,215**	-	37,179,184
Gain on repossession of asset	*17*	**12,057,967**	4,912,075	-
Gain on sublease	*13*	**-**	139,125,678	-
Gain on money market investment		**-**	1,191,166	-
Dividend income	*5*	**-**	716,722	626,337
Reversal of various payables and accruals		**-**	-	108,151,711
Unrealized foreign exchange gain		**-**	-	1,809,732
Miscellaneous		**2,819,303**	3,167,043	-
		P307,951,392	P689,944,414	P658,371,901

In 2018, the Company reversed its long outstanding balances of retention and other payables.

22. Cost of Services

This account consists of:

	Note	2020	2019	2018
Taxes and licenses		**P23,006,412**	P8,919,741	P6,172,262
Condominium dues		**10,127,213**	11,117,177	9,247,509
Depreciation expense	*13*	**8,430,511**	-	-
Utilities		**3,758,613**	3,774,468	2,420,179
Outside services		**3,745,552**	6,079,638	10,588,085
Insurance and bond premiums		**2,050,936**	3,127,328	2,270,615
Repairs and maintenance		**774,943**	2,269,500	1,206,444
Commission		**357,785**	1,785,976	864,270
Supplies and materials		**258,385**	1,182,353	1,455,671
Communication		**25,629**	25,629	26,906
Management and consultant fees		**-**	208,413	477,458
Others		**1,479,286**	2,376,492	3,462,810
		P54,015,265	P40,866,715	P38,192,209

Others include various expenses that are individually insignificant.

23. General and Administrative Expenses

This account consists of:

	Note	**2020**	2019	2018
Salaries and wages		**P81,067,704**	P72,200,859	P58,456,291
Taxes and licenses		**49,542,945**	55,536,900	39,903,924
Marketing expenses		**47,599,104**	164,028,600	198,555,159
Professional fees		**20,304,935**	20,894,793	25,703,338
Transportation and travel		**14,456,635**	11,282,523	33,069,309
Depreciation and amortization				
Property and equipment	*12*	**13,457,052**	13,095,932	12,970,161
ROU asset	*13*	**1,264,984**	9,695,495	-
Provision for retirement benefits	*18*	**10,458,174**	6,268,941	7,851,673
Repairs and maintenance		**7,220,622**	2,920,405	3,731,446
SSS, Pag-ibig, Medicare and other short-term benefits		**4,943,382**	15,894,347	11,143,237
Impairment loss on trade and other receivables	*6*	**4,709,039**	145,673,299	25,001,994
Condominium dues		**4,694,465**	5,587,001	11,722,313
Outside services		**4,245,576**	3,960,421	4,200,740
Insurance and bond premiums		**3,606,378**	6,234,454	9,235,265
Utilities		**2,793,653**	1,917,270	2,205,632
Postage and communication		**1,954,501**	1,466,519	1,815,810
Representation and entertainment		**609,695**	-	17,682,140
Corporate social responsibility expenses		**100,000**	5,625	869,372
Impairment loss on other current assets		-	-	16,515,437
Miscellaneous		**2,573,235**	2,525,811	6,124,102
		P275,602,079	P539,189,195	P486,757,343

In 2018, the Company had written off its long outstanding balances of other receivables.

24. Other Expenses

This account consists of:

	Note	**2020**	2019	2018
Unrealized foreign exchange loss		**P1,183,942**	P403,017	P -
Bank charges		**447,417**	206,170	369,174
Loss on money market investment		**29,041**	-	886,578
Net loss on settlement of legal claim	*19*	-	-	62,066,927
Loss on disposal of property and equipment		-	-	308,313
Miscellaneous expense		-	-	89
		P1,660,400	P609,187	P63,631,081

25. Income Taxes

Components of income tax expense are as follows:

	2020	2019	2018
Current	**P2,726,162**	P17,106,114	P13,057,870
Deferred	**78,687,186**	193,447,090	164,689,922
	P81,413,348	P210,553,204	P177,747,792

The reconciliation of the provision for income tax expense computed at the statutory rate to the provision shown in the separate statements of total comprehensive income is as follows:

	2020	2019	2018
Accounting income before tax	**P125,913,331**	P647,326,162	P580,329,499
Income tax expense using statutory tax rate	**37,773,999**	194,197,848	174,098,850
Additions to (reductions in) income tax resulting from the tax effects of:			
Movement on unrecognized deferred tax assets	**33,871,681**	(38,928,193)	(12,759,361)
Nondeductible expenses	**9,900,000**	55,687,140	27,929,883
Limit on interest expense	**92,914**	132,404	126,329
Interest income subjected to final tax	**(225,246)**	(320,978)	(306,253)
Dividend income	-	(215,017)	(187,901)
Nontaxable income	-	-	(11,153,755)
	P81,413,348	P210,553,204	P177,747,792

The Company is subject to either the 30% regular income tax or 2% minimum corporate income tax (MCIT), whichever is higher. The excess MCIT over the regular income tax shall be carried forward and applied against the regular income tax due for the next three consecutive taxable years.

Deferred income tax assets (liabilities) recognized by the Company consists of:

	2020		2019	
	Tax Base	**Deferred Tax**	Tax Base	Deferred Tax
Deferred Tax Assets				
Retirement benefit obligation	**P52,117,679**	**P15,635,304**	P31,974,271	P9,592,281
Deferred rent income	**39,449,576**	**11,834,873**	41,540,793	12,462,238
Rent expense derecognized due to PFRS 16	**3,814,093**	**1,144,228**	1,859,499	557,850
Unrealized foreign exchange loss	**1,198,642**	**359,593**	381,073	114,322
	96,579,990	**28,973,998**	75,755,636	22,726,691
Deferred Tax Liabilities				
Gain on change to fair value of investment properties	**(1,667,828,770)**	**(500,348,631)**	(1,388,225,863)	(416,467,758)
Gain on sublease	**(129,650,758)**	**(38,895,227)**	(134,579,162)	(40,373,749)
Accrued rent receivable	**(1,615,658)**	**(484,697)**	(248,344)	(74,503)
Unrealized gain on repossession of asset	-	-	(4,912,075)	(1,473,622)
	(1,799,095,186)	**(539,728,555)**	(1,527,965,444)	(458,389,632)
	(P1,702,515,196)	**(P510,754,557)**	(P1,452,209,808)	(P435,662,941)

The Company's unrecognized deferred tax assets pertain to the following:

	2020		2019	
	Tax Base	**Deferred Tax**	Tax Base	Deferred Tax
Allowance for impairment loss on trade and other receivables	**P328,197,870**	**P98,459,361**	P336,960,046	P101,088,014
Net operating loss carry-over	**112,580,571**	**33,774,171**	-	-
Allowance for impairment loss on investments in subsidiaries and associates	**19,918,196**	**5,975,459**	19,918,196	5,975,459
MCIT	**2,726,161**	**2,726,161**	-	-
Total	**P463,422,798**	**P140,935,152**	P356,878,242	P107,063,473

Deferred tax assets have not been recognized in respect of the above items because it is not probable that sufficient future taxable profit will be available against which the Company can utilize the benefits there from.

In 2017, the Company incurred NOLCO amounting to P37,129,988 which was applied in full in 2019.

In 2020, the Company incurred NOLCO amounting to P112,580,571 which can be claimed as deduction against future taxable income until 2025, in accordance to Revenue Regulations No. 25-2020 issued on September 30, 2020. Under Section 4 of this regulation, the business or enterprise which incurred net operating loss for taxable years 2020 and 2021 shall be allowed to carry over the same as a deduction from its gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

In 2020, the Company has incurred MCIT amounting to P2,726,161 which can be claimed as tax credits against future normal income tax liabilities until 2023.

26. Capital and Treasury Stock

Movements in the Company's capital stock are as follows:

	Note	**2020**	2019	2018
Authorized				
8,000,000,000 common shares at P0.50 par value	*28*	**P4,000,000,000**	P4,000,000,000	P4,000,000,000
Issued and outstanding				
3,688,869,745 shares	*28*	**1,844,434,873**	1,844,434,873	1,844,434,873
Subscribed				
1,314,711,262 shares		**657,355,632**	657,355,632	657,355,632
Subscriptions receivable		**(157,564,260)**	(157,564,260)	(157,592,010)
		499,791,372	499,791,372	499,763,622
Total Capital Stock		**P2,344,226,245**	P2,344,226,245	P2,344,198,495

Details of the company's treasury stock are as follows:

	2020	2019	2018
Treasury Stock 81,256,100 common shares with average cost of P1.35 per share	**P109,712,439**	P109,712,439	P109,712,439

27. Reserves

This account consists of:

	Note	2020	2019	2018
Revaluation on FVOCI				
Balance at beginning of year	*5*	**(P25,988,878)**	(P20,349,330)	(P22,207,846)
Movements during the year	*5*	**5,316,590**	(5,639,548)	(15,449,603)
Effect of adoption of PFRS 9		**-**	-	17,308,119
Balance at end of year	*5*	**(20,672,288)**	(25,988,878)	(20,349,330)
Remeasurement gain (loss) on retirement benefit obligation				
Balance at beginning of year		**(P40,549,331)**	(P28,164,144)	(P34,320,997)
Actuarial gain (loss) during the year – gross		**(11,985,234)**	(17,693,125)	8,795,505
Tax effect		**3,595,570**	5,307,938	(2,638,652)
Balance at end of year	*18*	**(48,938,995)**	(40,549,331)	(28,164,144)
Appropriated retained earnings		**109,712,439**	109,712,439	109,712,439
		P40,101,156	P43,174,230	P61,198,965

The Company's appropriated retained earnings amounting to P250,000,000 was allocated for treasury stock acquisitions. On May 29, 2018, the Board of Directors approved the release of P140,287,561 from the appropriated retained earnings since the Company will only restrict retained earnings equivalent to the cost of the treasury shares being held.

28. Basic Earnings Per Share

	2020	2019	2018
Net income	**P44,499,983**	P436,772,958	P402,581,707
Weighted average no. of common shares - issued and outstanding	**4,922,324,907**	4,922,324,907	4,922,324,907
Basic earnings per share	**P0.01**	P0.09	P0.08

The weighted average number of common shares issued and outstanding was computed as follows:

	Note	2020	2019	2018
Issued and outstanding	*26*	**3,688,869,745**	3,688,869,745	3,688,869,745
Subscribed shares	*26*	**1,314,711,262**	1,314,711,262	1,314,711,262
Treasury shares	*26*	**(81,256,100)**	(81,256,100)	(81,256,100)
Average number of shares		**4,922,324,907**	4,922,324,907	4,922,324,907

The Company has no potential dilutive shares as at December 31, 2020, 2019 and 2018.

29. Significant Accounting Policies

Adoption of New and Revised Standards, Amendments to Standards and Interpretations
The accounting policies adopted in the preparation of the financial statements are consistent with those of the Company's financial statements for the year ended December 31, 2020, except for the adoption of the following new standards and amended PFRS which became effective January 1, 2020. Unless otherwise indicated, none of these had a significant effect on the financial statements.

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

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material.* The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgments.

New and Amended Standards and Interpretation Not Yet Adopted
A number of new and amended standards and interpretations are effective for annual periods beginning after January 1, 2020 and have not been applied in preparing the financial statements. Unless otherwise indicated, none of these is expected to have a significant effect on the financial statements. The Company will adopt the following new and amended standards and interpretations on the respective effective dates:

Effective beginning on or after January 1, 2021

- Amendments to PFRS 16, *COVID-19-related Rent Concessions* provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. It also requires lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications, to disclose that fact and apply the exemption retrospectively in accordance with PAS 8 but not require them to restate prior period figures.

  The amendment is effective for annual reporting periods beginning on or after June 1, 2020. Earlier application is permitted, including in financial statements not yet authorized for issue at May 28, 2020.

- Amendments to PFRS 3, *Reference to the Conceptual Framework* refer to amendments to PFRS 2, 3, 6 and 14, IAS 34, 37 and 38, IFRIC 12, 19, 20 and 22, and SIC-32 to update references to and quotes from the framework so that they refer to the revise Conceptual Framework.

  The amendments, where they actually are updates, are effective for annual periods beginning on or after January 1, 2022.

- Amendments to PAS 16, *Property, Plant and Equipment – Proceeds before Intended Use* prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asst to the location and condition necessary for it to be capable of operating in the manner intended by the management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on January 1, 2022.

- Amendments to PAS 37, *Onerous Contracts – Cost of Fulfilling a Contract* specify that the "cost of fulfilling" a contract comprises the "costs that relate directly to the contract". Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

  The amendments are effective for annual periods beginning on January 1, 2022. Early application is permitted. Entities apply the amendments to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated.

- Annual Improvements to PFRS Standards 2018-2020

  - PFRS 1, *First-time Adoption of PFRS* permits a subsidiary that applies paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to PFRSs.

  - PFRS 9, *Financial Instruments* clarifies which fees an entity includes when it applies the '10 percent' test in paragraph B3.3.6 of PFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

  - PFRS 16, *Leases* amends Illustrative Example 13 accompanying PFRS 16 which removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

    The amendments are effective for annual periods beginning on January 1, 2022.

- Amendments to PAS 1, Classification of Liabilities as Current or Non-current affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:

  - clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
  - clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and

  - make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are effective for annual periods beginning on January 1, 2023.

Philippine Interpretations Committee Question and Answers (PIC Q&As) Issued in 2020 which are Subject to Approval by the BOA

- PIC Q&A No. 2020-02, *Conclusion on PIC QA 2018-12E: On certain materials delivered on site but not yet installed*

  This Q&A aims to provide guidance on how should the uninstalled materials be considered in measuring the progress of the performance obligation.

- PIC Q&A No. 2020-03, *Q&A No. 2018-12-D: STEP 3 – On the accounting of the difference when the percentage of completion is ahead of the buyer's payment*

  This Q&A aims to account the difference between the percentage of completion (POC) and the buyer's payment with the POC being ahead.

- PIC Q&A No. 2020-04, *PFRS 15 - Step 3 - Requires and Entity to Determine the Transaction Price for the Contract (Addendum to PIC Q&A 2018-12-D)*

  This Q&A aims to provide guidance in determining the transaction price considering the mismatch of the POC and schedule of payments.

- PIC Q&A No. 2020-05, *PFRS 15 - Accounting for Cancellation of Real Estate Sales (Supersedes Q&A 2018-14)*

  This Q&A aims to provide guidance on the following:

  - How should the Company account the sales cancellation and repossession of the property

    Three approaches are acceptable but each approach should be applied consistently:

Approach 1:	The repossessed property is recognized at its fair value less cost to repossess
Approach 2:	The repossessed property is recognized at its fair value plus repossession cost
Approach 3:	The cancellation is accounted for as a modification of the contract

  - Would the accounting for the repossession change if the repossessed property is already 100% completed

- PIC Q&A No. 2020-06, *PFRS 16 Accounting for payments between and among lessors and lessees*

  This Q&A aims to provide guidance on the accounting treatment, from both the lessor's and the lessee's perspectives, in respect of the payments made between and among lessors and lessees.

- PIC Q&A No. 2020-07, *PAS 12 – Accounting for the Proposed Changes in Income Tax Rates under the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) Bill*
  This Q&A aims to provide guidance on the following:

  - Is the CREATE Bill considered substantively enacted as of December 31, 2020,
  - Is the subsequent enactment of CREATE Bill considered an adjusting event, and
  - Impact on the calendar year (CY) 2020 and CY2021 financial statements of companies covered by the reduction of income tax rates

The Company is currently assessing the impact of the issued PIC Q&As.

New Standard and Amendments to Standards Effective on or after January 1, 2021 but Not Applicable to the Company

- PFRS 17, Insurance Contracts
- Annual improvement to *PAS 41, Agriculture to ensure consistency with the requirements in PFRS 13*

The accounting policies set out below have been applied consistently to all periods presented in the separate financial statements except accounting policy for leases.

Financial Assets and Financial Liabilities

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

Financial instruments are recognized initially at fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated as at FVPL, includes transaction costs.

Classification
The Company classifies its financial assets, at initial recognition, in the following categories: financial assets at amortized cost, financial assets at FVOCI and financial assets at FVPL. The classification depends on the business model of the Company for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets are not reclassified subsequent to initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

Financial Assets at Amortized Cost. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, the financial assets are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition, and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are reclassified to FVPL, impaired or derecognized, as well as through the amortization process.

The Company's cash and cash equivalents, trade and other receivables and refundable deposits are included under this category.

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

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the separate statement of total comprehensive income when the right of payment has been established, except when the 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 fair value through OCI are not subject to impairment assessment.

The Company's financial assets at fair value through OCI include investments in quoted and unquoted equity instruments and proprietary club shares.

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

Financial assets at fair value through profit or loss are carried in the separate statements of financial position at fair value with net changes in fair value recognized in profit or loss.

The Company's investments in equity instruments at FVPL are classified under this category.

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

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

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

For cash and cash equivalents, the 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 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 Company uses the external independent ratings to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The 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 Company's definition of default and historical data of three years for the origination, maturity date and default date. The Company considers trade receivables in default when contractual payment are 90 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 Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

Determining the stage for impairment
At each reporting date, the Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The 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 Company considers that there has been a significant increase in credit risk 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 significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12- months ECL.

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

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

When the 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 the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes the associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the 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 Company is required to repay.

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

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

The company's financial liabilities include trade and other payables, finance lease liability and loans payable.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the separate statements 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 assets and settle the liabilities simultaneously.

Prepayments
Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to income as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the separate statements of financial position as current asset when the cost of goods or services related to the prepayment are expected to be incurred within one (1) year or the Company's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non-current assets.

Investments in Subsidiaries
Subsidiaries are all entities (including structured entities) over which the Company has control. The Company has control as an entity when the Company 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Investment in shares of stock of subsidiaries is accounted for using the cost method in the separate financial statements. Under this method, investments are recognized at cost and income from investment is recognized in profit or loss only to the extent that the investor receives distribution from accumulated profits of the investee arising after the acquisition date. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment.

Investments in Associates
An associate is an entity over which the Company is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

In the separate financial statements of the Company, investment in shares of stock of associates is accounted for using the cost method. The reporting dates of the investee companies and the Company are identical and the investee companies' accounting policies conform to those used by the Company for like transactions and events in similar circumstances. Upon loss of significant influence over the associate, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

Investments in Joint Arrangements
Investments in joint arrangements whereby the Company and the other parties has joint control of the arrangement are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

A joint operation is a joint arrangement whereby the Company and the other parties have rights to the assets, and obligations for the liabilities, relating to the arrangements. A joint venture is a joint arrangement whereby the Company and the other parties have rights to the net assets of the arrangement.

In a joint operation, the Company recognizes in relation to the Company's interest in a joint operation:

a. Company's assets and liabilities including Company's share of any assets and liabilities held or incurred jointly;
b. Company's revenue from the sale of the Company's share of the output arising from the joint operation and sale of the output of the joint operation; and
c. Company's expenses including Company's share of any expenses incurred jointly.

In a joint venture, the Company recognizes its interest in joint arrangement as an investment. In the separate financial statements of the Company, investment in joint venture is accounted for using the cost method. Under this method, investments are recognized at cost and income from investment is recognized in profit or loss only to the extent that the investor receives distribution from accumulated profits of the investee arising after the acquisition date. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment.

Real Estate Inventories

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

Cost includes amounts paid to contractors for construction, borrowing costs, planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

Net realizable value (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 to sell.

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

The provision account, if any, is reviewed on a monthly basis to reflect the reasonable valuation of the Company's inventories. Inventory items identified to be no longer recoverable is written-off and charged as expense for the period.

Real estate held for development is measured at lower of cost and NRV. Expenditures for development and improvements of land are capitalized as part of the cost of the land. Directly identifiable borrowing costs are capitalized while the development and construction is in progress.

Property and Equipment

Property and equipment are initially measured at cost which consists of its purchase price and costs directly attributable to bringing the asset to its working condition for its intended use and are subsequently measured at cost less any accumulated depreciation, amortization and impairment losses, if any.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	Number of years
Building	25
Building improvements	5 to 10
Office furniture, fixtures and equipment	3 to 10
Transportation and other equipment	5

The assets' residual values, estimated useful lives and depreciation and amortization methods are reviewed periodically to ensure that the amounts, periods and methods of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect of those assets.

Derecognition
An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal at which time, the cost and their related accumulated depreciation are removed from the accounts. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Investment Properties
Investment properties comprised completed property and property under development or re-development that are held to earn rentals or capital appreciation or both and that are not occupied by the Company. Investment property is initially measured at cost incurred in acquiring the asset and subsequently stated at fair value. Revaluations are made with sufficient regularity by external independent appraisers to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the period. The external independent appraiser uses sales comparison approach in arriving at the value of the properties. In this approach, the value of the properties is based on sales and listings of comparable properties. This is done by adjusting, the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity or at a different floor levels of the same building. Comparison would be premised on factors such as location, size and physical attributes, selling terms, facilities offered and time element.

A gain or loss arising from a change in the fair value of investment property is recognized in profit or loss for the period in which it arises.

A transfer is 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. A transfer is 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. A transfer between investment property, owner-occupied property and inventory does not change the carrying amount of the property transferred nor does it change the cost of that property for measurement or disclosure purposes.

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

Impairment of Non-financial Assets
At each reporting date, the Company assesses whether there is any indication that any of its non-financial assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

The recoverable amount of the non-financial asset is the higher of fair value less costs of disposal and value-in-use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense.

When an impairment loss reverses subsequently, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years. A reversal of an impairment loss is recognized in profit or loss.

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

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs for the asset or liability that are not based on observable market data.

Equity
An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Distribution to the Company's shareholders is recognized as a liability in the Company's separate financial statements in the period in which the dividends are approved by the Company's Board of Directors.

Capital stock
Capital stock is classified as equity when there is no obligation to the transfer of cash or other assets. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Additional paid-in capital
Additional paid-in capital pertains to premium paid over the par value of shares.

Retained earnings
Retained earnings include all the accumulated income of the Company, dividends declared and share issuance costs. Retained earnings is net of amount offset from additional paid-in capital arising from the quasi-reorganization.

Treasury stock
The Company's equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the separate statements of total comprehensive income on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury shares are nullified for the Company and no dividends are allocated to them respectively. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Employee Benefits

Short-term benefits
The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Company to its employees include salaries and wages, social security contributions, short-term compensated absences, bonuses and non-monetary benefits.

Post-employment benefits
The Company's net obligation in respect of its defined benefit plan is calculated by estimating the amount of the future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of the defined benefit obligation (DBO) is performed on a periodic basis by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the DBO at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss.

The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Revenue Recognition

The Company primarily derives its real estate revenue from the sale of vertical real estate projects. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 30.

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

In measuring the progress of its performance obligation over time, the Company uses the output method. The Company recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to date. This is based on the monthly project accomplishment report prepared by the third-party surveyor as approved by the construction manager which integrates the surveys of performance to date of the construction activities for both sub-contracted and those that are fulfilled by the developer itself.

Revenue from sales of completed real estate projects is accounted for using the full accrual method.

Any excess of collections over the recognized receivables are included in the "Deposits and other current liabilities" account in the liabilities section of the separate statements of financial position.

If any of the criteria under the full accrual or percentage-of-completion method is not met, the deposit method is applied until all the conditions for recording a sale are met. Pending recognition of sale, cash received from buyers are presented under the "Deposits and other current liabilities" account in the liabilities section of the separate statements of financial position.

Cancellation of real estate sales
The company recognizes the repossessed inventory from the cancelled sale at its fair value less cost to repossess. Any gain is recognized in the separate statement of total comprehensive income.

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

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

Cost Recognition
The Company recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

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

Expense Recognition
Expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in profit or loss on the basis of: (i) a direct association between the costs incurred and the earning of specific items of income; (ii) systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or (iii) immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify for recognition in the statements of separate financial position as an asset.

Expenses in the separate statements of total comprehensive income are presented using the function of expense method. General and administrative expenses are costs attributable to general, administrative and other business activities of the Company.

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

Borrowing costs are capitalized from the commencement of the development work until the date of practical completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

Leases
The Company has applied PFRS 16 using the modified retrospective approach and therefore comparative information has not been restated and is presented under PAS 17. The details of accounting policies under both PAS 17 and IFRS 16 are presented separately below.

Policies effective 1 January 2019

The Company as Lessee
The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the separate statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under PAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the separate statement of financial position.

The Company applies PAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property and Equipment' policy.

The Company as Lessor
The Company enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

When a contract includes lease and non-lease components, the Company applies PFRS 15 to allocate the consideration under the contract to each component.

The Company as Sub-lessor
The Company is a sub-lessor (intermediate lessor) to one of its right-of-use assets.

An intermediate lessor classifies the sublease as a finance lease or an operating lease as follows:

- If the head lease is a short-term lease, the sublease is classified as an operating lease
- Otherwise, the sublease is classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. A lessee is classified as a finance lease if it transfers substantially all the risks and rewards from the right-of-use asset resulting from the head lease; otherwise, it is classified as an operating lease.

For subleases classified as a finance lease, the intermediate lessor derecognizes the right-of-use asset relating to the head lease that is transfers to the sublessee and recognizes the net investment in the sublease; any difference between the right-of-use assets and the investment in the finance sublease is recognized in profit or loss. At the commencement date, net investment in the finance lease is measured at an amount equal to the present value of the lease payments for the underlying right-of-use assets during the lease term. The lessor recognizes finance income over the lease term, based on a pattern reflecting a constant period rate of return on the lessor's net investment in the lease.

For subleases classified as operating lease, the intermediate lessor recognizes the lease income from operating leases on a straight-line basis over the lease term. The respective leased asset is included in the statement of financial position based on its nature.

Policies effective prior to 1 January 2019

Leases

The Company as Lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Fixed lease payments are recognized as an expense in the separate statements of total comprehensive income on a straight-line basis while the variable rent is recognized as an expense based on terms of the lease contract.

The Company as Lessor
Leases where the 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 the separate statements of total comprehensive income on a straight-line basis over the lease term. Initial

direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

The Company as Sub-lessor
The Company is a sub-lessor of the assets leased under head operating lease contracts. Those subleases are classified as operating lease. Lease income from operating leases where the Company is a lessor is recognized on a straight-line basis over the lease term.

Foreign Currency Transactions and Translation
Transactions in currencies other than Philippine peso are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are restated at the rates prevailing on the reporting date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange gains or losses arising from foreign exchange transactions are credited to or charged against operations for the year.

Income Tax
Income tax expense for the period comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is calculated on the basis of the tax laws enacted at the reporting date. Management periodically evaluates positions in income tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized. The Company reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority and the same taxable entity.

Uncertainty over Income Tax Treatments
The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty is followed.

The Company considers whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it used or plans to use in its income tax filing.

If the Company concludes that it is probable that a particular tax treatment is accepted, the Company determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings.

If the Company concludes that it is not probable that a particular tax treatment is accepted, the Company uses the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better predictions of the resolution of the uncertainty.

Provisions and Contingencies

Provisions are recognized when the Company has a present obligation, either legal or constructive, as a result of a past event; when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and; when the amount of the obligation can be estimated reliably. When the Company expects reimbursement of some or all of the expenditure required to settle a provision, the entity recognizes a separate asset for the reimbursement only when it is virtually certain that reimbursement will be received when the obligation is settled.

The amount of the provision recognized is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. A provision is measured using the cash flows estimated to settle the present obligation; its carrying amount is the present value of those cash flows.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.
Contingent liabilities are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent liabilities are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the separate financial statements but are disclosed when an inflow of economic benefits is probable.

Related Party Relationships and Transactions

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Earnings per Share

Basic earnings per share

The Company computes its basic earnings per share by dividing net profit attributable to common equity holders of the Company by the weighted average number of common shares issued and outstanding during the period.

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares.

Events After the Reporting Date
The Company identifies events after the reporting date as events that occurred after the reporting date but before the date the separate financial statements were authorized for issue. Any subsequent event that provides additional information about the Company's financial position at the reporting date is reflected in the separate financial statements. Non-adjusting subsequent events are disclosed in the notes to the separate financial statements when material.

30. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

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

Critical Accounting Estimates and Assumptions

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

Revenue and cost recognition on real estate projects
The Company's revenue recognition and cost policies require management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Company's revenue from real estate and construction contracts is recognized based on the percentage of completion (POC) are measured principally on the basis of the estimated completion of a physical proportion of the contract work. Apart from involving significant estimates in determining the quantity of inputs such as materials, labor and equipment needed, the assessment process for the POC is complex and the estimated project development costs requires technical determination by management's specialists (project engineers).

Similarly, the commission is determined using the percentage of completion.

Provision for expected credit losses of trade receivables
The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.
The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information such as inflation and interest rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The Company uses historical loss rates as input to assess credit risk characteristics. The Company determines the appropriate receivables groupings based on shared credit risk characteristics such as revenue type, collateral or type of customer. The historical loss rates are adjusted to reflect the expected future changes in the portfolio condition and performance based on economic conditions and indicators such as inflation and interest rates that are available as at the reporting date.

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

The information about the ECLs on the Company's trade receivables is disclosed in Notes 6 and 31.

Evaluation of net realizable value of real estate inventories
The Company adjusts the cost of its real estate inventories to net realizable value based on its assessment of the recoverability of the assets. In determining the recoverability of the assets, management considers whether those assets are damaged or if their selling prices have declined. Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

Results of management's assessment disclosed that there is no need for provision for write-down of inventories as at December 31, 2020 and 2019.

Estimating useful lives of assets
The useful lives of assets are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives of assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the Company's assets. In addition, the estimation of the useful lives is based on the Company's collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of assets would increase the recognized operating expenses and decrease non-current assets.

Post-employment and other employee benefits
The present value of the retirement obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of retirement obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement obligations. In determining the appropriate discount rate, the Company considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related retirement obligation.

Other key assumptions for retirement obligations are based in part on current market conditions. Additional information is disclosed in Note 18.

Retirement obligation as at December 31, 2020 and 2019 amounted to P52,117,679 and P31,974,271, respectively.

Estimating fair value of investment property
The Company obtained the services of an independent valuer who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment properties being valued. An independent valuation of the Company's investment properties was performed by appraisers to determine their fair values. The valuation was determined by reference to sales and listing of comparable properties.

Recoverability of deferred tax assets
The Company reviews the carrying amounts at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Company will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized. The

Company considers that it is impracticable to disclose with sufficient reliability the possible effects of sensitivities surrounding the utilization of deferred tax asset.

Total unrecognized deferred tax assets amounted to P140.94 million and P107.06 million as at 2020 and 2019, respectively (see Note 25).

Critical Accounting Judgments

In the process of applying the 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 separate financial statements:

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

In addition, part of the assessment process of the Company before revenue recognition is to assess the probability that the 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 regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

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

Quantitative criteria – for sales contracts receivable, the customer receives a notice of cancellation and does not continue the payments.

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

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

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

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

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

The base case represents a most-likely outcome and is aligned with information used by the Company for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes.

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

Revenue recognition method and measure of progress
The Company concluded that revenue for real estate sales is to be recognized over time because: (a) the Company's performance does not create an asset with an alternative use and; (b) the Company has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Company's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date. In addition, the Company requires a certain percentage of buyer's payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Company. The Company considers that the initial and continuing investments by the buyer of about 25% would demonstrate the buyer's commitment to pay.

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

Distinction between investment properties and owner-occupied properties and real estate inventories and held for development
The Company determines whether a property qualifies as investment property. In making this judgment, the 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 at the 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 Company considers each property separately in making its judgment.

The Company determines that a property will be also be classified as real estate inventory when it will be sold in the normal operating cycle or it will be treated as part of the Company's strategic land activities for development in the medium or long-term.

Contingencies
The Company is currently involved in various legal proceedings and tax assessments. Estimates of probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Company currently does not believe these proceedings will have a material adverse effect on the financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the Company's strategies relating to these proceedings.

31. Fair Value Measurement

The fair values of the Company's financial instruments are equal to the carrying amounts in the separate statements financial position as at December 31, 2020 and 2019.

Fair values have been determined for measurement and disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values are disclosed in the notes to the separate financial statements specific to that asset or liability.

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

Cash and cash equivalents and trade and other receivables – current portion carrying amounts approximate fair values due to the relatively short-term maturities of these items.

Trade and other receivables- non-current portion carrying amounts approximate their fair values as they are either priced using prevailing market rates or that the effect of discounting is not significant.

Financial assets at FVPL and FVOCI – these are investments in equity securities, fair value for quoted equity securities is based on quoted prices published in markets as of reporting dates.

Trade and other payables - the carrying values of trade and other payables approximate its fair value because of the short-term nature of these financial liabilities.

Loans payable – carrying amounts approximate their fair values as they are either priced using prevailing market rates or that the effect of discounting is not significant.

The table below analyzes financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

December 31, 2020

	Level 1	Level 2	Level 3	Total
Equity investments:				
Financial assets at FVPL	**P6,750,000**	**P -**	**P -**	**P6,750,000**
Financial assets at FVOCI	**41,010,520**	**-**	**-**	**41,010,520**

December 31, 2019

	Level 1	Level 2	Level 3	Total
Equity investments:				
Financial assets at FVPL	P6,750,000	P -	P -	P6,750,000
AFS financial assets	35,693,930	-	-	35,693,930

32. Financial Risk Management Objective and Policies

The Company's activities expose it to a variety of financial risks: market risk, credit risk, and liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Company. The policies for managing specific risks are summarized below.

The BOD has overall responsibility for the establishment and oversight of the Company's risk management framework. It monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Risk management policies and systems are reviewed regularly to reflect changes in market conditions.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Market risk

Foreign exchange risk
The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise with respect to transactions denominated in US dollar. Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency. Significant fluctuation in the exchange rates could significantly affect the Company's financial position.

Foreign exchange risk exposure of the Company is limited to its cash and cash equivalents. Currently, the Company has a policy not to incur liabilities in foreign currency. Construction and supply contracts, which may have import components, are normally denominated in Philippine peso.

	2020		2019	
	US dollar Deposit	**Peso Equivalent**	US dollar Deposit	Peso Equivalent
Cash and cash equivalents	**$387,024**	**P18,591,090**	$362,825	P18,411,180

The closing rates applicable as at December 31, 2020 and 2019 are P48.036 and P50.744 to US$1, respectively.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A 5% weakening of Philippine peso against the US dollar will have an decrease and increase in net income amounting to P992,131 and P736,447 in 2020 and 2019, respectively. For a 5% strengthening of the Philippine peso against the US dollar, there would be an equal and opposite impact on the net income.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The primary source of the Company's interest rate risk relates to its cash and cash equivalents, trade receivables and loans payable. The interest rates on cash and cash equivalents and loans payable are disclosed in Notes 3 and 17, respectively.

Cash and cash equivalents are short-term in nature and with the current interest rate level, any variation in the interest will not have a material impact on the profit or loss of the Company.

Management is responsible for monitoring the prevailing market-based interest rate and ensures that the mark-up charged on its borrowings are optimal and benchmarked against the rates charged by other creditor banks (see Note 16).

Based on the sensitivity performed the impact on profit or loss of a 10% increase/decrease on interest rates on cash and cash equivalents and loans payable would be a maximum increase/decrease for 2020 and 2019 as follows:

	2020	2019
Cash and cash equivalents	**P75,082**	P106,992
Trade receivables	**201,640**	248,456
Loans payable	**2,486,181**	733,122

Price risk
Price risk is the risk that the fair value of the financial instrument particularly equity instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether caused by factors specific to an individual investment, its issuer or factors affecting all instruments traded in the market.

The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. The Company's Board of Directors reviews and approves all equity investment decisions.

At December 31, 2020, the impact of 10% increase/decrease in the price of listed equity securities, with all other variables held constant, would have been an increase/decrease of in the Company's total comprehensive income and equity for the year of 2020 - P531,659 and 2019 – P563,954. The Company's sensitivity analysis takes into account the historical performance of the stock market.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company's credit risk is primarily attributable to its cash and cash equivalents, and trade and other receivables as disclosed in Notes 3 and 6, respectively. To manage credit risks, the Company maintains defined credit policies and monitors its exposure to credit risks on a continuous basis.

In respect of installments receivable from the sale of properties, credit risk is managed primarily through credit reviews and an analysis of receivables on a continuous basis. The Company also undertakes supplemental credit review procedures for certain installment payment structures. The Company's stringent customer requirements and policies in place contribute to lower customer default than its competitors. Customer payments are facilitated through various collection modes including the use of postdated checks and auto-debit arrangements. Exposure to bad debts is not significant as title to real estate properties are not transferred to the buyers until full payment has been made and the requirement for remedial procedures is minimal given the profile of buyers.

Credit risk arising from rental income from leasing properties is primarily managed through a tenant selection process. Prospective tenants are evaluated on the basis of payment track record and other credit information. In accordance with the provisions of the lease contracts, the lessees are required to deposit with the Company security deposits and advance rentals which helps reduce the Company's credit risk exposure in case of defaults by the tenants. For existing tenants, the Company has put in place a monitoring and follow-up system. Receivables are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables. Regular meetings with tenants are also undertaken to provide opportunities for counseling and further assessment of paying capacity.

Other financial assets are comprised of cash and cash equivalents excluding cash on hand, financial assets at FVPL and financial assets at FVOCI. The Company adheres to fixed limits and guidelines in its dealings with counterparty banks and its investment in financial instruments. Bank limits are established on the basis of an internal rating system that principally covers the areas of liquidity, capital adequacy and financial stability. The rating system likewise makes use of available international credit ratings. Given the high credit standing of its accredited counterparty banks, management does not expect any of these financial institutions to fail in meeting their obligations. Nevertheless, the Company closely monitors developments over counterparty banks and adjusts its exposure accordingly while adhering to pre-set limits.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at December 31 are as follows:

	2020	2019
Cash and cash equivalents excluding cash on hand	**P196,060,510**	P207,760,998
Trade and other receivables	**1,253,345,742**	1,607,776,602
	P1,449,406,252	P1,815,537,600

The credit quality of financial assets which are neither past due nor impaired is discussed below:

(a) Cash in banks and cash equivalents

The Company deposits its cash balance in reputable banks to minimize credit risk exposure amounting to P185,706,773 and P132,885,582 as at December 31, 2020 and 2019, respectively. Cash deposits are considered to be of high grade.

(b) Trade and other receivables

The credit quality of trade and other receivables that are neither past due nor impaired can be assessed by reference to internal credit ratings or to historical information about counterparty default rates:

	2020	2019
Trade and other receivables		
Grade A	**P870,795,863**	P1,251,324,087
Grade B	**248,069,239**	22,470,125
	P1,118,865,102	P1,273,794,212

- "Grade A"
  This includes financial assets pertaining to those assets held by either the government, counterparties with good credit standing, related parties or loans and receivables that are consistently paid before the maturity date.

- "Grade B"
  This includes receivables that are past due but are still collectible within 12 months.

As at December 31, 2020 and 2019, trade and other receivables of P371,136,848 and P122,808,884, respectively, were past due but not impaired. These relate to a number of independent customers/related parties for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	2020	2019
Trade and other receivables		
More than 3 months	**P42,892,223**	P3,409,770
More than 1 year	**328,244,625**	119,399,114
	P371,136,848	P122,808,884

As at December 31, 2020 and 2019, trade and other receivables of P328,197,870 and P336,960,046 were impaired and provided for. Provision for (reversal of) impairment loss for the years ended December 31, 2020 and 2019 amounted to (P8,762,176) and P145,673,299, respectively. It was assessed that a portion of the receivables is expected to be recovered. The aging of these receivables is as follows:

	2020	2019
Trade and other receivables		
More than 3 months	**P -**	P -
More than 1 year	**91,541,662**	336,960,046
	P91,541,662	P336,960,046

The condominium certificates of the title remain in the possession of the Company until full payment has been made by the customers, thus no significant credit risk was assessed for trade receivables. Given the Company's diverse base of counterparties, it is not exposed to large concentrations of credit risk.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rate is based on days past due of all customers as they have similar loss patterns. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity. The security deposits and advance rental are considered in the calculation of impairment as recoveries. As of December 31, 2020 and 2019, the total exposure at default for all financial assets amounts to P465,282,107 and P359,413,292, respectively. The expected credit loss rate is 6% that resulted in the ECL of P24.26 million and P20.26 million as of December 31, 2020 and 2019, respectively.

<u>Liquidity risk</u>
Liquidity risk refers to the risk in which the Company encounters difficulties in meeting its short-term obligations.

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company maintains adequate highly liquid assets in the form of cash and cash equivalents to assure necessary liquidity.

The following tables detail the Company's remaining maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

		Contractual Obligation			
	Carrying Amount	Less than One Year	One to Five Years	More than Five Years	Total
2020			(In Thousand Pesos)		
Trade and other payables*	**P234,487**	**P55,968**	**P178,519**	**P -**	**P234,487**
Loans payable	**1,030,593**	**493,984**	**615,748**	**-**	**1,109,732**
2019					
Trade and other payables*	P295,298	P174,559	P120,739	P -	P295,298
Loans payable	1,158,629	569,792	725,513	-	1,295,305

**excluding payables to government*

33. Capital Management

The Company manages its capital to ensure that the Company is able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of equity, which comprises of issued capital, reserves and retained earnings.

Management reviews the capital structure on a quarterly basis. As part of this review, management considers the cost of capital and the risks associated with it.

There were no changes in the Company's approach to capital management during the year.

As part of the reforms of the Philippine Stock Exchange (PSE) to expand capital market and improve transparency among listed firms, PSE requires listed entities to maintain a minimum of ten percent (10%) of their issued and outstanding shares, exclusive of any treasury shares, held by the public. The Company has fully complied with this requirement in 2020 and 2019.

34. Supplementary Information Required by the Bureau of Internal Revenue (BIR)

The Bureau of Internal Revenue issued RR15-2010 and RR2-2014 on December 10, 2010 and February 3, 2014, respectively, which requires certain tax information to be disclosed in the notes to the separate financial statements. The Company presented the required supplementary tax information as a separate schedule attached to its annual income tax return.

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REPORT OF INDEPENDENT AUDITORS

The Shareholders and Board of Directors
Philippine Realty and Holdings Corporation
One Balete, 1 Balete Drive corner N. Domingo Street
Brgy. Kaunlaran District 4
Quezon City

We have audited the accompanying financial statements of Philippine Realty and Holdings Corporation as at and for the year ended December 31, 2020, on which we have rendered our report dated March 16, 2021.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Supplementary Information required by the Bureau of Internal Revenue (BIR) is presented for purposes of filing with the BIR and is not a required part of the basic financial statements. Revenue Regulations (RR) 15-2010, *Amending Certain Provisions of Revenue Regulations No. 21-2002, as Amended, Implementing Section 6 (H) of the Tax Code of 1997, Authorizing the Commissioner of Internal Revenue to Prescribe Additional Procedural and/or Documentary Requirements in Connection with the Preparation and Submission of Financial Statements Accompanying Income Tax Returns,* on Taxes, Duties and Licenses Fees, requires various tax information to be included in the notes to the financial statements.

This schedule is the responsibility of the Company's management. The Company opted to present such requirements as a separate schedule to be attached to the financial statements for filing with the BIR. The information in these schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

MVCo
Maceda Valencia & Co
Certified Public Accountants and Management Consultants

MACEDA VALENCIA & CO.

ANTONIO O. MACEDA, JR.
Partner
CPA License No. 20014
PTR No. 8564731
Issued on January 22, 2021 at Makati City
SEC Accreditation No. (individual) as general auditor 1761-A Category A,
Effective until July 31, 2022
SEC Accreditation No. (firm) as general auditors 4748-SEC;
Effective until Febuary 17, 2023
TIN 102-090-963-000
BIR Accreditation No. 08-001987-004-2021,
Effective until April 11, 2024
BOA/PRC Reg. No. 4748, effective until June 26, 2021

March 16, 2021
Makati City

A member of Nexia International

I. Revenue Regulation No. 15-2010

On December 28, 2010, Revenue Regulation (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21-2002 was further amended to include in the Notes to Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by PFRS.

Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements.

A. Value added tax (VAT)

The NIRC of 1997 also provides for the imposition of VAT on sales of goods and services. Accordingly, the 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 value added tax (VAT) rate from 10.0% to 12.0%, effective February 1, 2006.

Details of the Company's net sales/receipts, output VAT and input VAT accounts are as follows:

a. Output Value Added Tax (VAT)

Output VAT declared for the years ended December 31, 2020 and 2019 and the revenues upon which the same was based consist of:

	2020		2019	
	Gross amount	**VAT**	Gross amount	VAT
Subject to 12% VAT				
Sale of services/goods	**P269,869,267**	**P32,384,312**	P956,484,082	P114,778,090
Leasing Income	**85,119,258**	**10,214,311**	95,004,149	11,400,498
Total	**P354,988,525**	**P42,598,623**	P1,051,488,231	P126,178,588

b. Input Value Added Tax (VAT)

Movements in input VAT for the years ended December 31, 2020 and 2019 follow:

	2020	2019
Balance at beginning of year	**P -**	P -
Input tax on Capital goods deferred from previous quarter	**13,407,503**	15,769,068
Add: Current year's domestic purchases/payments for:		
Services lodged under other accounts	**16,737,416**	32,656,282
Capital goods – exceeding 1M	**2,777,400**	2,306,083
Goods other than for resale or manufacture	**1,195,408**	3,540,346
Capital goods – not exceeding 1M	**182,790**	111,964
Less: Claims for tax credit/refund and other adjustments	**-**	-
Input tax on Capital goods deferred for succeeding periods	**(10,892,017)**	(13,407,503)
Balance at end of year	**P23,408,500**	P40,976,240

	2020	2019
VAT output tax declared for the year	**P42,598,623**	P126,178,588
Less: Balance of VAT input tax at the end of the year	**23,408,501**	40,976,240
Value added tax payable (excess input VAT) for the year	**19,190,122**	85,202,348
Less: VAT payments for the current year		
1st quarter	**8,756,013**	19,118,690
2nd quarter	**2,336,094**	31,489,230
3rd quarter	**1,450,001**	19,001,251
October	**79,578**	3,201,491
November	-	2,581,677
VAT payable	**P6,568,436**	P9,810,009

B. Withholding taxes

Withholding taxes paid, accrued and/or withheld for the years ended December 31, 2020 and 2019 consist of:

	2020	2019
Withholding tax on compensation	**P20,388,726**	P17,640,658
Expanded withholding tax	**12,838,180**	27,779,550
	P33,226,906	P45,420,208

C. All other local and national taxes

All other local and national taxes paid for the years ended December 31, 2020 and 2019 consist of:

	2020	2019
Cost of Service:		
Real estate taxes	**P22,781,518**	P8,693,849
Documentary stamp taxes	**224,894**	225,892
Operating and administrative:		
License and permits fees	**25,105,630**	25,106,580
Real estate taxes	**1,877,330**	5,790,372
Documentary stamp taxes	**1,552,938**	6,352,557
Miscellaneous	**21,007,047**	18,287,391
	P72,549,357	P64,456,641

The above local and national taxes are lodged under Taxes and Licenses account in cost of services and general and administrative expenses in the separate statements of total comprehensive income.

D. Tax Contingencies

The Company does not have any deficiency tax assessments with the BIR or tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open tax years.