



2019 ANNUAL REPORT

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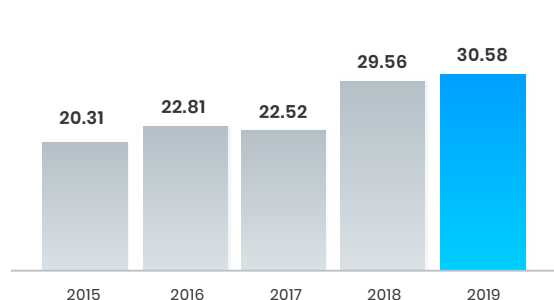
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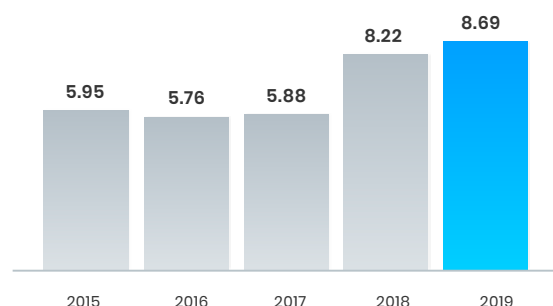
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Financial Highlights

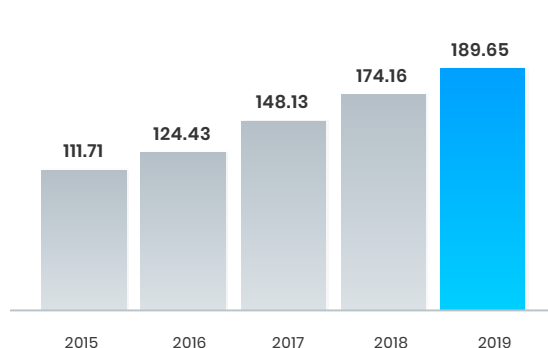
For the Years ended December 31 (in million pesos)	2019	2018	2017	2016	2015	2014	2013
Gross Revenues	30,583.84	29,558.48	22,516.82	22,809.05	20,306.91	17,460.22	16,552.44
Net Income	8,692.61	8,223.96	5,884.44	5,755.32	5,952.94	4,773.87	4,318.49
Total Assets	189,651.21	174,158.16	148,126.55	124,432.16	111,711.51	88,421.50	76,808.45
Stockholders' Equity	100,077.67	93,919.72	67,372.62	62,855.31	58,444.74	53,968.36	50,425.83



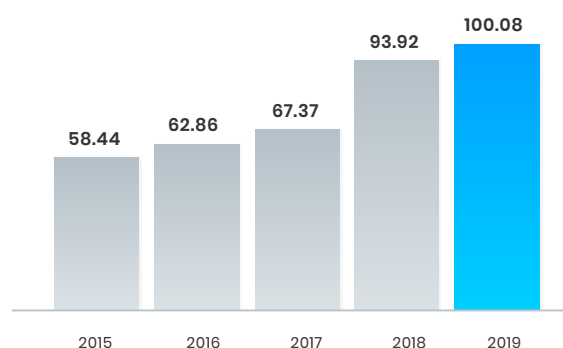
Gross Revenues
(in billion pesos)



Net Income
(in billion pesos)

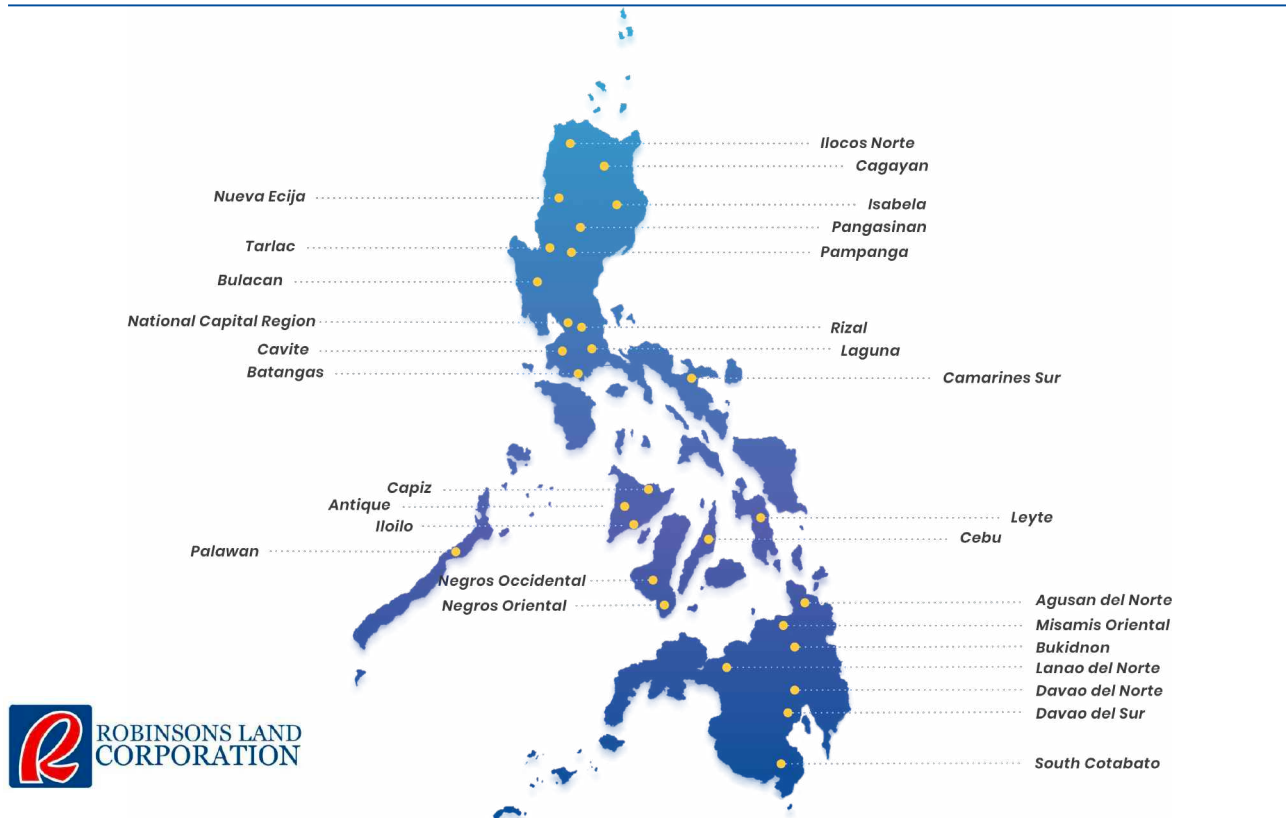


Total Assets
(in billion pesos)



Stockholders' Equity
(in billion pesos)

Project Location (Map)



Luzon

Ilocos Norte

- Lifestyle Center
- Office Development
- Residential Projects

Pangasinan

- Lifestyle Center

Cagayan

- Lifestyle Center

Isabela

- Lifestyle Center

Nueva Ecija

- Commercial Center

Tarlac

- Commercial Center
- Office Development
- Residential Projects

Pampanga

- Lifestyle Center
- Residential Projects

Bulacan

- Commercial Center
- Residential Projects

National Capital Region

- Lifestyle Center
- Office Development
- Hotel
- Industrial Facilities
- Residential Projects

Batangas

- Lifestyle Center
- Residential Projects

Cavite

- Lifestyle Center
- Hotel
- Residential Projects

Laguna

- Lifestyle Center
- Industrial Facilities

Rizal

- Lifestyle Center
- Residential Projects

Palawan

- Lifestyle Center
- Hotel
- Residential Projects

Camarines Sur

- Lifestyle Center
- Office Development

Visayas

Negros Occidental

- Lifestyle Center
- Hotel
- Residential Projects

Capiz

- Lifestyle Center

Antique

- Commercial Center

Iloilo

- Lifestyle Center
- Hotel

Negros Oriental

- Lifestyle Center
- Hotel

Cebu

- Lifestyle Center
- Office Development
- Hotel
- Resort
- Residential Projects

Leyte

- Lifestyle Center
- Hotel

Mindanao

Agusan del Norte

- Lifestyle Center
- Hotel

Lanao del Norte

- Lifestyle Center
- Hotel

Misamis Oriental

- Commercial Center
- Residential Projects

Bukidnon

- Lifestyle Center

Davao del Sur

- Commercial Center
- Office Development
- Hotel
- Residential Projects

Davao del Norte

- Lifestyle Center

South Cotabato

- Commercial Center
- Residential Projects

Directory

Address

Level 2, Galleria
Corporate Center,
EDSA cor. Ortigas
Avenue, Quezon City

Telephone No.

+632 8397 1888

Corporate Website

www.robinsonsland.com

Auditors

Sycip Gorres Velayo & Co.
Certified Public Accountants
SGV Building, 6760 Ayala Avenue, Makati City

Stock Transfer Agent

Rizal Commercial Banking Corporation
Trust and Investment Group
G/F Grepalife Bldg.
221 Senator Gil Puyat Ave., Makati City

Investor Relations

Rommel Rodrigo
43/F Robinsons Equitable Tower
ADB Avenue corner Poveda Road
Ortigas Center, Pasig City
Tel No.: +632 8397 1888 loc. 31536
Email Address: investor.relations@robinsonsland.com

Business Inquiries

Robinsons Malls	+632 8397 1888 loc. 31261
Robinsons Offices	+632 8395 2177 +632 8397 0171
Robinsons Residences	+632 8397 0101 loc. 35843 +632 8397 0101 loc. 32773
Robinsons Homes	+632 8397 0358

Hotel Reservations

Crowne Plaza Manila Galleria	+632 8633 7222
Holiday Inn Manila Galleria	+632 8633 7111
Dusit Thani Mactan Cebu	+63 32 888 1388
Go Hotels and Summit Hotels & Resorts	+63 998 888 7788 +63 917 888 7788 +632 8397 0111

Message to Stakeholders



LANCE Y. GOKONGWEI
Chairman

Riding on the momentum of successful strategic initiatives, Robinsons Land Corporation (RLC) finished 2019 with another record performance. We strengthened our existing portfolio and consistently delivered on growth opportunities across our core business segments. The company also reached new heights with the addition of new, sustainable revenue streams from joint venture projects and industrial facilities, as well as our international investment. Through the collaborative work of the entire team, RLC was able to withstand external headwinds and take advantage of opportunities for long-term growth.

In 2019, consolidated revenues registered at Php30.58 billion, up by 3% mainly driven by the strong performance of recurring-income businesses under the investment portfolio. Our investment portfolio composed of the malls, offices, hotels, and industrial facilities contributed 69% of total revenues, with the 31% balance coming from the sale of residential units and land parcels that form part of our development portfolio. EBITDA also increased by 5% to Php17.25 billion, while EBIT grew by 3% to Php12.28 billion.

The year ended with a 6% rise in consolidated net income to Php8.69 billion from Php8.22 billion in 2018. This translated to a return on equity of 8.7% and to a cash dividend distribution of Php2.60 billion at Php0.50 per share. Apart from cash dividends, we likewise distributed to our shareholders RLC's 100% stake in Altus Property Ventures, Inc. (APVI) as property dividend at a ratio of one (1) APVI share for every fifty-one and 9384/10000 (51.9384) RLC shares held, providing them the opportunity to own shares in both companies.

The **Commercial Centers Division** accounted for 43% of total company revenues. Mall revenues increased by 11% to end 2019 at Php13.25 billion versus Php11.94 billion in the previous year. Full-year rental contributions from four new malls strategically situated in the provincial cities of Ormoc, Iloilo, Tuguegarao, and Bukidnon fueled growth on top of same-mall rental revenue growth of 7%, and an uptick in cinema revenues. These resulted to a significant increase in EBITDA of 15% to Php8.82 billion, pushing EBIT up by 22% to Php5.17 billion.

This year, RLC opened Robinsons Galleria South, its third lifestyle center under the premium Galleria brand. It is the first world-class full-service mall in San Pedro, Laguna featuring modern interiors and beautiful artwork designs. With this latest addition to its growing mall portfolio, RLC now has a total of 52 malls, 9 of which are within Metro Manila, while 43 are situated in growing urban areas nationwide. RLC also opened the new expansion wing in Robinsons Magnolia, its upscale mall in Quezon City, featuring a refreshed open-air plaza, additional lifestyle stores and dining options, new cinemas, a family amusement center, and a chapel. This brought total gross floor area to approximately 3 million square meters (sqm) and total mall leasable space to 1.57 million sqm with over 9,000 retailers for a system-wide occupancy rate of 94%.

It was another banner year for our **Office Buildings Division** as it posted the highest revenue growth among all our businesses and contributed 17% to consolidated revenues. The success of our leasing activities for new developments, namely Cyber Sigma, Cyberscape Gamma, Exxa Tower, and Zeta Tower, and rental escalations in existing office buildings contributed to a 24% hike in revenues to Php5.32 billion from Php4.29 billion in 2018. EBITDA and EBIT likewise exhibited significant growth of 21% each to Php4.56 billion and Php3.73 billion, respectively. With the completion of Cybergate Magnolia within our Magnolia Complex in Quezon City, Giga Tower within Bridgetowne, and our second build-to-suit office development in Luisita, Tarlac, the Office Buildings Division capped 2019 with 23 operational sites in strategic locations for a total net leasable area of 592,000 sqm, a 13% increase from its 2018 record of 523,000 sqm.

Leveraging on the potential of the local hospitality industry, the **Hotels and Resorts Division** continued its expansion strategy to build one of the best and biggest multi-branded hotel portfolios in the Philippines. We opened Summit Hotel Greenhills in San Juan City, the sixth hotel under the company-owned Summit brand; and launched Dusit Thani Mactan Cebu, our first foray into the luxury resort niche. These new developments increased total hotel room count by 14% to 3,129 operational rooms. Contributing 8% of total company revenues, hotel revenues soared by 23% to Php2.43 billion from Php1.98 billion the previous year through higher occupancy rates of company-owned brands, Go Hotels and Summit Hotels, and buoyed by increased average room rates for international hotel brands.

In addition, we turned around the decline in last year's EBITDA performance with a 4% increase year-on-year to end 2019 at Php702 million. Additional depreciation from new hotels caused a 19% drag in EBIT which ended at Php343 million from Php425 million in the previous year. Our Hotels and Resorts Division concluded 2019 with 20 company-owned hotel properties and 5 franchisees, and a system-wide occupancy rate of 63%.

Formalized in 2016, the Industrial and **Integrated Developments Division** continues to be a reliable, steady source of new revenue streams. Operational industrial facilities registered lease revenues of Php138 million this year. As of December 2019, total industrial buildings leasable space has reached 77,000 sqm with locations in Sucat, Muntinlupa and Calamba, Laguna. On the other hand, developmental revenues from the partial recognition of gains from the sale of prime lots to Robinsons-DMC, Inc. (RDMCI) and Shang Robinsons Properties, Inc. (SRPI) reached Php321 million in 2019. RDMCI is a joint venture company formed by RLC and DMCI Project Developers, Inc. in 2019 to embark on the development of a multi-tower residential condominium project in Las Piñas City; while SRPI was incorporated with Shang Properties, Inc. in 2018 for the development of Aurelia Residences, an iconic, luxury residential condominium in Bonifacio Global City, Taguig.

Driven by successful project launches and fueled by strong demand from local and foreign buyers, our **Residential Division** posted another record-breaking net pre-sales of Php20.06 billion, a remarkable 31% increase year-on-year, mainly attributable to the launch of four new residential projects - The Sapphire Bloc East Tower, Galleria Residences Cebu Tower 3, Cirrus and the S Tower in SYNC, as well as sales of existing inventory. The combined sales value of these launches is estimated at Php15.25 billion. Realized revenues climbed by 5% to end at Php9.13 billion versus Php8.66 billion last year to account for 30% of consolidated revenues. On the other hand, EBITDA and EBIT surged by 32% to Php2.97 billion and 33% to Php2.88 billion, respectively, mainly on the back of sales of residential units from high-margin projects.

This year also marks the successful sell out and completion of residential condominium units in Phase 1 of our **Chengdu Ban Bian Jie** project in China. We hope to recognize related revenues upon completion of the final turnover milestone in the second half of 2020 in accordance with the applicable accounting standards in China. The Company will continue to realize earnings from its investments in China in the years to come.

In 2019, RLC spent Php25.40 billion in capital expenditure for its Philippine operations for the development of malls, offices, hotels, and industrial facilities, the acquisition of land, construction of its residential projects, and for new investments.

RLC maintained its healthy financial position with total assets of Php189.65 billion as of December 2019 versus last year's Php174.16 billion. Total shareholders' equity attributable to equity holders landed at Php99.51 billion from Php93.51 billion resulting to a 6% improvement in net book value per share from Php18.00 to Php19.16. Net financial debt-to-equity ratio closed at 0.36:1.

Major Developments in 2019

The company's first destination estate development, **Bridgetowne**, was officially inaugurated last September 2019. The highlight of this sprawling development is a bridge that runs across the Marikina River and connects two major cities: Quezon City and Pasig City. Situated at the heart of the East of Metro Manila, Bridgetowne is a 30-hectare destination estate envisioned to be a sustainable mixed-use, self-contained community. It will be a place where everything is within reach, complete with residential condominiums, lifestyle malls, hotels, a one-hectare park, a school, a hospital and a dedicated transport terminal. Through Bridgetowne, we will enable Filipinos to embrace the live-work-play-dream lifestyle in a single locale.

In the same month, **Aurelia Residences** was launched with a limited collection of 285 bespoke residences characterized by the Italian concept of "sprezzatura", an effortless and understated kind of elegance. The three-tower joint venture development is situated along McKinley Parkway in Bonifacio Global City, the fastest-growing central business district in the Philippines, making it one of the most coveted addresses in the country. It will feature expansive open spaces, skyline views, resort-style amenities, and convenient access to key locations in the metro.



FREDERICK D. GO
President & CEO

Looking Forward

Robinsons Land entered the new decade with a prestigious recognition from Bloomberg as one of only two Filipino companies to land a spot in the **2020 Bloomberg Gender Equality Index (GEI)**. This is the first time that Filipino companies were recognized in the reference index that began in 2016. The distinction comes as a validation to the company's continued efforts to create a sustainable workplace that champions a culture of inclusivity and provides equal opportunities for women in corporate roles. Notably, half of RLC's current leadership positions are occupied by women and in totality, the company employs a female-dominated workforce at a ratio of 11:7. This is a testament to our commitment to bridge the gender gap through best-in-class policies and benefits.

Alongside this feat, Robinsons Land continues to build people's dreams through quality developments that shape the landscape of the local real estate industry. We remain steadfast in our commitment to propel the company forward and to deliver unparalleled value to our stakeholders. Guided by our common vision to achieve sustainable, broad-based growth, we are optimistic that the company will achieve more milestones and cement its market leadership in the years to come.

The **Commercial Centers Division** aims to bring prime commercial developments closer to consumers by expanding into the provinces, further strengthening its position as the premiere mall brand with the widest geographical reach. In 2020, we plan to increase our mall gross leasable area by 3% to 1.62 million sqm with the opening of a mall in La Union and the expansion of Robinsons Place Antipolo and Robinsons Place Dumaguete. In the following year, we plan to expand our footprint in Metro Manila by opening a premium mall within Bridgetowne, and three new provincial malls in Nueva Ecija, Bataan and Batangas. These four new developments will add 9% to our total leasable space, boosting our mall portfolio to 1.77 million sqm by the end of 2021.

The office sector continues to follow the upward trajectory of the country's economic growth. On the back of this positive outlook, our **Office Buildings Division** aims to solidify its position as one of the major IT-BPM office space providers in the country. We have a robust pipeline in 2020 comprising of five new office developments, namely Delta Tower 2 in Davao, Luisita 3 in Tarlac, Bridgetowne East Campus, Cyber Omega in the Central Business District of Ortigas in Pasig and Sierra Campus within our Sierra Valley estate. These new offices will increase net leasable area by 16% to approximately 686,000 sqm by the end of 2020. In the following year, we target to complete the development of Cybergate Iloilo 1, Cybergate Galleria Cebu, Cybergate Bacolod 2, and GBF Center 1. These new office projects will grow net leasable space by 14% to 784,000 sqm.

With a booming tourism industry which saw a 14% surge in tourist arrivals in 2019 as a backdrop, our **Hotels and Resorts Division** will continue to develop its growing portfolio to be the biggest hotel group in the country. Through well-diversified brands spanning multiple market segments, we will capitalize on the influx of foreign travelers into the country, and strong domestic tourism in Metro Manila and in leisure destinations. We plan to increase total hotel room count by 10% to 3,452 operational rooms with the opening of Summit Hotels Naga, Go Hotels Naga, and Go Hotels Tuguegarao in the next twelve months. In 2021, we intend to add 15% more keys through Westin Sonata, Summit GenSan, and Go Hotels San Nicolas to end with 3,957 operational rooms. Following a massive organizational build-up, the Division has likewise put into place major plans to build its own 5-star hotel brand in the country. In addition to our expansion strategies, we look forward to showcasing the result of our refresh and renovation works for Go Hotels, Crowne Plaza and Holiday Inn. Our guests will soon enjoy the contemporary interior and ambience of our chain of budget hotels, as well as the redesigned and refurbished guest rooms, grand ballrooms, and amenities of our two international-branded hotels.

For our **Residential Division**, we plan to launch about Php20 billion worth of new projects to take advantage of the foreseen strong demand in the Philippine residential property sector from domestic end-buyers and foreign investors. This bullish outlook is mainly driven by solid OFW remittances, attractive lending rates and the availability of mortgage financing from banks.

The **Industrial and Integrated Developments Division** will more than triple its total gross leasable space to 100,000 sqm from the launch of its first industrial project in 2018 with the completion of two additional industrial facilities in Muntinlupa and Calamba in 2020. By 2021, we plan to tap new territories and develop industrial properties within the province of Pampanga, which will boost our portfolio by 64% to 166,000 sqm. On top of this, we will continue to engage in the strategic acquisition of vast tracts of land that are optimally located within the government's infrastructure projects to add to our growing number of destination estates. Currently, we are working on three destination estates, namely the 30-hectare Bridgetowne located within Metro Manila, the 18-hectare Sierra Valley in Rizal, and Montclair, a 200-hectare development in Pampanga. The Division will likewise continue to focus on the exploration of innovative real estate formats, new business ventures, and strategic partnerships in our mixed-use developments to further strengthen our earnings.

For 2020, RLC has earmarked approximately Php27 billion for capital expenditures to be funded through internally-generated cash from operations and borrowings. We believe this will continue to be the norm as RLC explores possible land acquisitions for new projects and boosts its landbank. Our existing land bank in the Philippines now totals to 786 hectares and we continue to be on the lookout for opportunities nationwide.

RLC will continue to build and sell the remainder of its Chengdu Ban Bian Jie project. We look forward to securing government approvals to proceed with the aforementioned activities at the soonest possible time. The earnings we hope to realize from our international investment shall trickle down to our bottom line in the next two to three years.

On the Human Resources front, your Company has added several key executives and management-level team members into its talent pool. Together, we are taking the Company on a growth path of sustainable profitability. With our grand plans of making every stakeholder proud to be part of RLC, we have launched or are implementing several major initiatives that are aligned with our purpose, vision, strategies, and goals.

Acknowledgement

Through important milestones, critical successes, and continuous growth, we would like to express our deepest gratitude to our Board for their support and guidance as we continue to navigate our path towards a sustainable future. We are also grateful to our shareholders, business partners, patrons and customers for their continuous support in the attainment of our corporate goals. We also thank our employees for their passion, dedication, and invaluable contribution in making the company what it is.

As we look ahead, we are continually inspired by the legacy of our founder and Chairman Emeritus, Mr. John L. Gokongwei, Jr. Mr. John built Robinsons Land Corporation to be a catalyst for nation-building through property developments that provide Filipino families access to a better quality of life. His vision, values, and principles will always serve as our guiding light in the continuous quest to transform dreams into reality.

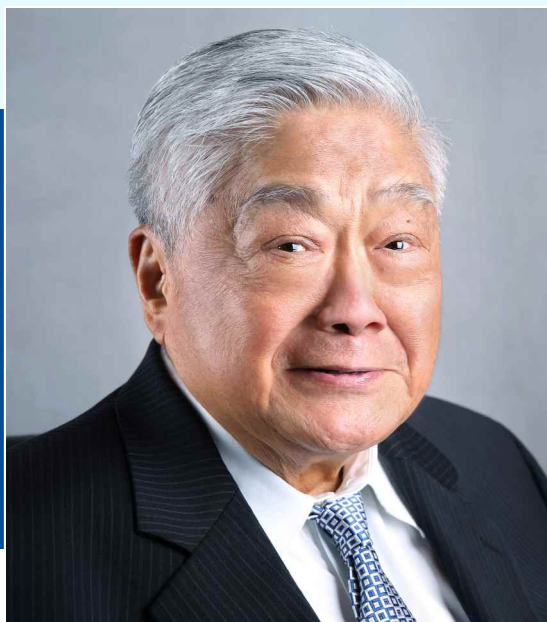
Maraming salamat po.



LANCE Y. GOKONGWEI
Chairman



FREDERICK D. GO
President & CEO



FOUNDATIONS OF A LASTING LEGACY:

A Tribute to John L. Gokongwei, Jr.

Trailblazer. Visionary. Larger-than-life.

John L. Gokongwei, Jr. built a sprawling business empire that democratized access to products, services and experiences for every Juan. The power of his legacy, his life's work, lies in its lasting contribution to the growth of his beloved country.

Born on August 11, 1926, the founder of JG Summit Holdings, Inc. created one of the Philippines' largest and most diversified conglomerates from humble beginnings. The challenging, difficult years of his young life shaped his disciplined work ethic, values and principles, which continue to guide the Gokongwei Group of Companies today.

Mr. John was only 13 years old when he lost a life of privilege after the untimely death of his father. He became the family's breadwinner and a father-figure to his younger siblings – brothers Henry, Johnson, Eddie, and James, and only sister, Lily. His five siblings along with his mother moved back to China soon after they lost their properties and businesses to pay off his father's debt. The young John stayed in the Philippines and did everything he could to make ends meet. This hardship marked the beginning of a storied business career and an inspiring tale of success attained through hard work, perseverance, and discipline.

Mr. John's entrepreneurial journey began with selling garlic peanuts, which he himself fried, to support the family. Then, at the onset of World War II, he seized the opportunity to peddle various essentials including candles, soaps, and thread. He set up a stall in the public market and earned about 20 pesos a day which he used to provide for his family and to purchase more products. During non-market days, he would get on his bicycle, and travel to neighboring towns around Cebu to sell his goods.

By practicing frugality, he was able to save, reinvest his earnings, and move up the entrepreneurial ladder. Soon, he could afford more valuable products, which he took to Luzon from Cebu via batel. As the war drew to a close, his modest trading business expanded as he broadened his inventory and took advantage of the economic environment that relied heavily on imports. He began importing and trading textile remnants, newspapers, magazines, and used clothing from the United States. Around this time, the young entrepreneur had achieved steady success, enabling him to bring his family back to the Philippines.

Relying on his own entrepreneurial foresight and strong business acumen, Mr. John shifted strategies and turned to manufacturing in what would become the first step to building a series of successful corporations. He secured a loan from China Bank in 1957, and set up Universal Corn Products—the precursor to today's Universal Robina Corporation—planting the seeds for the future conglomerate. In the ensuing decades, Mr. John steadily built his empire, and entered a diverse set of industries spanning food manufacturing, banking and finance, air transportation, real estate, petrochemicals, power generation, media publishing, and telecommunications.

While it might seem like it, the confident visionary did not invest in disparate businesses. In his book *Lessons From Dad, John Gokongwei Jr.*, Lance Gokongwei revealed that his father's business investment ideas were all as a response to the needs of the Filipinos. Through Universal Robina Corporation, he addressed the need for affordable, and enjoyable snacks and beverages. He set up Cebu Pacific and Sun Cellular to provide more Filipinos reasonable access to travel and communication. He drew inspiration from the dreams of many Filipinos to provide a comfortable and functional living space for their families, and founded Robinsons Land Corporation.

Incorporated in 1980, Robinsons Land Corporation (RLC), the real estate arm of the Gokongwei Group, is a widely recognized leader in real estate development, building lifestyle malls, office buildings, industrial spaces, residential communities, hotels and resorts, and integrated townships all over the Philippines.

In 1989, only nine years after its establishment, the Company had its initial public offering, owing to its rapid expansion and unprecedented pace of development. Upon the infusion of fresh capital from investors, Mr. John proceeded to execute one of his most ambitious yet industry-changing ideas to date—the first mixed-use development in the Philippines, anchored by RLC's flagship mall, Robinsons Galleria.

How Mr. John ended up with the prized piece of real estate to turn his idea into reality is the stuff of business legend. It was shortly after the EDSA People Power Revolution when he won the rights to the Galleria land on the toss of a coin.

Back in the 1980s, the vision for the Robinsons Galleria Complex was a game-changer in the real estate industry. The 5.2-hectare property became the first fully integrated mixed-use complex in the country featuring a commercial center with retail shops and restaurants, a few office buildings, hotels and residential properties. It was a city within a city, where all of one's lifestyle needs could be satisfied. It was a radical idea at the time, but Mr. John took the risk, made it happen, and blazed the trail.

Robinsons Galleria opened in 1990, and the rest of the developments that followed — the Galleria Corporate Center, Robinsons Equitable Tower, Holiday Inn Manila Galleria, Crowne Plaza Manila Galleria, and the Galleria Regency — defined the city's skyline. The bustling community became the inspiration for numerous mixed-used developments in the Philippines that followed suit.

Today, Robinsons Land continues to be shaped by Mr. John's innovative spirit and courage to pursue his dreams. Thanks to these qualities, RLC has gone from strength to strength. In the same vein, Mr. John's belief in always putting the customer's needs first remains a core principle at RLC, and has become more evident in today's digital age as the company strives to pioneer innovations and continuously improve customer experience.

Businessman, entrepreneur, philanthropist and industrialist were just some of the many hats Mr. John wore in his lifetime. At Robinsons Land, he will always be remembered for the groundbreaking changes he introduced into the country's real estate landscape. As the company continues to transform dreams into realities through quality developments, his legacy as a true visionary and an entrepreneur for every Filipino will stand the test of time.



OUR BUSINESS UNITS

Commercial Centers



Robinsons Malls

As one of the largest lifestyle center brands and retail operators in the Philippines, Robinsons Malls is committed to providing delightful customer experiences through innovative features and mall attractions. In 2019, Robinsons Malls posted substantial growth in revenues on account of the strong performance of its flagship malls and the steady growth of leasable spaces. It continues to expand its retail footprint in the country with the opening of Robinsons Galleria South, a new premier mall in San Pedro, Laguna, and the expansion of Robinsons Magnolia in Quezon City.

Robinsons Galleria South, the third site of Robinsons' premier Galleria brand following the original Robinsons Galleria along Ortigas Avenue and Robinsons Galleria Cebu, is a modern, dynamic, and Instagram-worthy full-service mall. Strategically located in the bustling city of San Pedro, the four-storey lifestyle center brings the shopping, dining, and entertainment experience to a whole new level. It features vibrant and contemporary architectural designs with public art installations in almost every corner, the most notable of which is the "Heaven's Gate", a metal sculpture by Filipino-American artist Jefe Manuel. Upper levels of the mall are also filled with graphic murals and quirky art pieces, exuding a fun, whimsical vibe.



For moviegoers and entertainment lovers, Robinsons Galleria South houses six state-of-the-art cinemas, including an Elite VIP Cinema with its own luxurious lounge for a superior viewing experience. The mall also pays homage to the city's religious roots through a 250-seater chapel named after St. Teresa of Calcutta where regular masses are held, providing a complete family experience.

Robinsons Magnolia is part of Magnolia Town Center, Robinsons Land Corporation's landmark mixed-use complex in New Manila. Since its opening in 2012, the mall has attracted loyal patrons as it established itself as a go-to place for residents and employees alike. Its success is evident through the many accolades it has received from both local and international award-giving bodies. In 2019, Robinsons Magnolia opened a new wing to house a curated mix of retail brands, more exciting dining options and new entertainment outlets. The new wing offers moviegoers an elevated experience with the opening of four new cinemas, including a VIP theater equipped with plush reclining seats and a luxurious lounge. It also features Public Eatery, an urban-themed food hall which puts together an eclectic mix of food stalls and concepts. At the mezzanine level, shoppers can visit Capilla de San Lorenzo, an air-conditioned chapel that is spacious enough to accommodate more than 300 people. The mall likewise improved its central garden which can now serve as the perfect venue for outdoor events.



In addition to these, 2019 revenues benefited from the full year performance of malls opened in 2018 - Robinsons Place Ormoc (Leyte), Robinsons Place Pavia (Iloilo), Robinsons Place Tuguegarao (Cagayan), and Robinsons Place Valencia (Bukidnon) - which collectively posted an average occupancy rate of more than 90%.

In the next couple of years, Robinsons Malls is set to open more lifestyle destinations across the country, with new malls in La Union, Nueva Ecija, Bataan, and Batangas. Robinsons Malls is likewise responding to the ever-changing customer expectations with the expansion of its malls in Dumaguete and Antipolo. Aside from these projects, it will continue to strengthen its presence in Metro Manila with the addition of a premium mall in Quezon City. These new lifestyle centers will bring total gross floor space to almost 3.4 million square meters.

Through its growing portfolio, Robinsons Malls aims to be the leader in delivering high-standard lifestyle destinations that service the needs of Filipinos beyond entertainment and dining. It will continue to adapt to the changing consumer behavior and expectations and redefine the shopping experience.

Residential



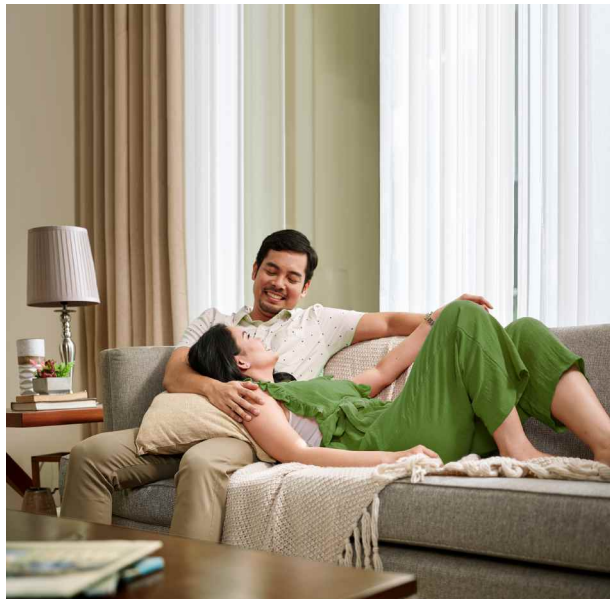
Robinsons Land Corporation – Residential Division embarked on another fruitful quest of milestones and achievements as it stayed true to its commitment to build beautiful and well-designed residential projects. These thoughtfully-crafted developments serve as perfect settings for exploring new opportunities, and creating a better life.

In the first semester, two projects along the bustling C-5 corridor were introduced to the market – Cirrus, the first RLC residential project in the emerging Bridgetowne Estate, and S Tower of SYNC, a four-tower mixed-used development that takes pride in its top-notch amenities designed for the active lifestyle. Both developments received warm response from homebuyers and investors as brisk sales followed suit. Cirrus and SYNC also received high distinctions in the 2019 DOT Property Awards bagging the Best High-Rise Development and Best Value for Money Development recognitions, respectively.

At the heart of Ortigas Center, The Sapphire Bloc continued to establish its dominance with the launch of its East Tower. This is the third instalment of the four-tower residential complex, which has become a landmark destination with the unique pubs and specialty restaurants located in its retail promenade.

Construction milestones achieved for other projects include the first concrete pouring for Aurora Escalades in Quezon City, the ground breaking ceremony for Tower 3 of Galleria Residences Cebu, and the topping-off events for The Residences at Westin Manila Sonata Place, Building B of Acacia Escalades, and the first tower of Galleria Residences Cebu. RLC executives and key construction partners personally witnessed these undertakings, which is symbolic of their commitment to deliver these residential projects within agreed timelines following the highest construction standards.





2019 also saw one of the joint venture developments of RLC come to fruition with the launch of Aurelia Residences. The project brings the unparalleled collaboration of designers and visionaries from RLC and Shang Properties Inc. to spotlight by creating limited bespoke residences located at Bonifacio Global City's most covered address.

As a fitting ending to another record-breaking year, RLC projects received notable citations from different award-giving organizations. Property Guru Philippines conferred the Best Interior Design Award for Mid-End Category to The Magnolia Residences, and the Best High-Rise Condo Development in Cebu to Galleria Residences. The Magnolia Residences was also recognized by the International Property Awards as Best Residential High-Rise Development. FIABCI Philippines Property & Real Estate Awards likewise took notice and honoured Chimes Greenhills with the Silver Award for Outstanding Developer in the Residential High-Rise category. As a result of the outstanding projects rolled out, RLC once again made it to the Top Ten Developers in the Philippines noted by BCI Asia.

The Residential Division will continue to raise the bar as it sets eyes on launching bigger and better developments in Metro Manila and Cebu. 2020 will open with the launch of Sierra Valley Gardens, a multi-tower residential development located in the flourishing towns of Cainta and Taytay. The Sapphire Bloc will also complete its promise of authentic lifestyle in the city as it launches its last tower featuring smart home solutions.

Robinsons Homes

Robinsons Homes continues to deliver on its purpose of providing ideal homes for families to start the good life. From its first residential development in Antipolo back in the 1990s, Robinsons Homes has achieved impressive growth over the last 30 years with over 30 projects nationwide. Looking ahead, it is bound to win the trust of Filipino families through its passion to deliver long-lasting value for customers and shareholders.

Grand Tierra in Capas, Tarlac was a shared success for the business and for the residents of the province. Its recent expansion and close proximity to the flourishing New Clark City make it a landmark destination demanding to be seen. Grand Tierra is slowly transforming lives in the area as it delivers a well-planned community fit for growing families.



Brighton Bacolod Clubhouse

Robinsons Homes has also been at the forefront of transforming Pueblo Angono into a thriving community with the completion of Springdale's high-quality housing units and amenities. Springdale is fast becoming the preferred alternative to condominium units, not only because it is situated near lifestyle centers, educational institutions, and hospitals, but also because of its close proximity to Metro Manila.

In the highly urbanized 'City of Smiles', Brighton Bacolod is fast becoming the "diamond in the rough" after the completion of its land development in December 2019. Strategically located in Brgy. Estefania, Brighton Bacolod's tranquil location offers peace and convenience - the best of both city-living and provincial life. Soon, families will be able to enjoy quality time and create new memories within the community in the property's clubhouse, which is set to open in 2020.



2020 promises to be an exciting year for Robinsons Homes as it prepares to enter the premier market by launching a new, distinctive brand that will provide a definitive lifestyle experience. It is likewise gearing up to further cement its footprint in key stronghold areas, to explore lucrative territories, and to venture into new businesses in pursuit of creating sustainable and meaningful stakeholder value. Lastly, living in Robinsons Homes developments will become more convenient as commercial components are incorporated into its residential developments.

As it delivers pamana-quality, master-planned subdivisions to serve more families in the next 30 years, Robinsons Homes will continue to transform lives in the generations to come.

Office Buildings



Robinsons Offices continues to establish itself as one of the leading developers of office buildings in the Philippines. It offers thriving business spaces within world-class designed buildings in strategic locations. Its buildings are Philippine Economic Zone Authority (PEZA) registered, making it the preferred address for Business Process Outsourcing (BPO) firms and many of the country's largest local and multinational companies.

Built to cater to the most demanding of customers, its office buildings are equipped with highly efficient and modern facilities, such as high-speed elevators, 100% back-up power, 24/7 security and surveillance systems, and variable refrigerant air-conditioning systems.

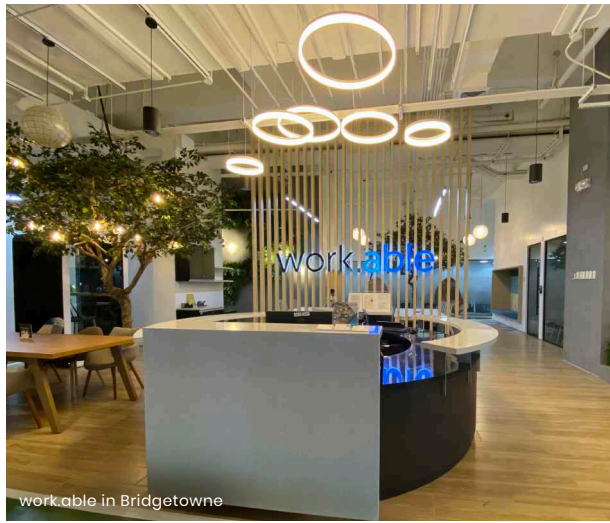
As part of its thrust towards environmental sustainability, Robinsons Offices led the way in building green office buildings that are certified by the US Green Building Council for Leadership in Energy and Environmental Design (LEED). Its sustainable office developments include Tera Tower (LEED Gold), Exxa Tower (LEED Silver) and Zeta Tower (LEED Silver). Giga Tower, a project that will be completed in 2020, is also vying for LEED Gold certification.



Robinsons Offices capped 2019 with a total of 23 office developments, following the completion of 3 office buildings: Cybergate Magnolia located within the Robinsons Magnolia Town Center in Quezon City, Giga Tower located within Bridgetowne in Quezon City, and Robinsons Luisita Office 3 located within Robinsons Place Luisita complex in Tarlac City. The latest additions to our strong portfolio combine for a total leasable area of 69,000 square meters, a 13% growth versus same period last year. These projects received strong interest, not only from Offshoring and Outsourcing companies, but also from captive and multinational companies due to their ideal prime location, large floor plate, efficient and modern facilities, and PEZA Accreditation.

In November 2019, Robinsons Offices opened the second branch of work.able, its first flexible workspace concept, within Bridgetowne in Quezon City. In the previous year, it launched and opened its first site in Cyberscape Gamma in Ortigas CBD. work.able is a plug-and-play workplace for clients who are looking for flexible office options such as private offices, meeting rooms, event venues, and co-working spaces for collaboration and networking.

As part of its continuous expansion to support the robust demand for office spaces in Metro Manila and in regional growth centers, Robinsons Offices is targeting to complete 5 office buildings in 2020 with a total leasable area of 93,700 square meters, a 16% growth versus 2019. These new developments are Delta Tower 2 in Davao, Luisita 3 in Tarlac, Bridgetowne East Campus, Cyber Omega in the Central Business District of Ortigas in Pasig, and Sierra Campus within our Sierra Valley estate.



As a response to the growing demand and positive outlook for office spaces, Robinsons Offices is committed to provide exceptional quality and service experience to its tenants as they enjoy easy access to major transportation modes and hubs, as well as the convenience of working within close proximity to lifestyle malls, residential developments, hotels, and other commercial, residential and civic establishments.

Hotels and Resorts



For more than two decades, Robinsons Hotels & Resorts has created enriching stay moments inspired by the warmth of Filipino hospitality. It carries a diverse portfolio spanning 4 brand segments: upscale international deluxe hotels, mid-market boutique city and resort hotels, essential service value hotels, and most recently, luxury resorts.

In the upscale international deluxe category, with a total of 548 rooms, Crowne Plaza Manila Galleria and Holiday Inn Manila Galleria are key hospitality players in the Ortigas Central Business District. These international-branded hotels are managed by the InterContinental Hotels Group pursuant to a long-term hotel management agreement. The Summit Hotels and Resorts brand falls under the mid-market boutique city and resorts category, which caters to contemporary business and leisure travellers. These hotels are strategically located in Metro Manila and urbanized areas in the Philippines. Like the Crowne Plaza Manila Galleria and Holiday Inn Manila Galleria, our Summit Hotels and Resorts offer Meetings, Incentives, Conferences, and Exhibitions (MICE) facilities, sports and pool amenities, and full-service restaurants. Under the essential service segment, Go Hotels caters to smart and busy business travellers. It offers comfortable, yet affordable accommodations and an option to add on services and amenities as needed.



In 2019, Robinsons Hotels & Resorts opened its first luxury resort with Dusit Thani Mactan Cebu, managed by Dusit Thani International. The 272-room hotel and resort sits at the northern tip of Punta Engano Peninsula and boasts of complete MICE facilities, guest activities and services, dining services, and luxury room and bath amenities.

The total Robinsons Hotels & Resorts portfolio operates twenty (20) hotels and resorts for a total of 3,129 operational rooms. The current portfolio will continue to evolve and expand by offering innovative hospitality products and services to the Philippine market.

Summit Hotels and Resorts

Summit Hotels & Resorts aims to be the top-of-mind choice of business and leisure travellers who appreciate the live-work-play lifestyle. Each hotel is uniquely designed for both local and global travellers seeking prime accommodations with complete facilities for business and socials.

In 2019, it opened Summit Hotel Greenhills, the newest lifestyle hotel of Summit Hotels and Resorts, which is conveniently nestled in San Juan - a prime city where work and play converge. The 100-room hotel features elegant interiors and sleek accents that work in harmony with the cozy ambiance, sophisticated amenities, and personalized service - all specially curated to provide comfort and quality service.

It was a proud year for Summit Hotels and Resorts as Summit Ridge Tagaytay received high distinction from various prestigious organizations. It bagged several awards including the Recognition for Excellent Service from the Association and Travel Tours Agency, Best in Tourism Arrival from the Department of Tourism Summit 2019, Gold Circle Awardee from AGODA International, and the No. 1 Best Hotel in CALABARZON from Trip Advisor. Summit Greenhills also landed at the top among hotels in San Juan City, Metro Manila in Trip Advisor.



Go Hotel Naga

Go Hotels

The first of its kind in the Philippines, Go Hotels aims to be the preferred hotel choice for domestic and foreign travellers looking for value accommodation in key cities. As of year-end 2019, the chain had 2,472 owned and franchised rooms available in 16 locations nationwide.

This year, Robinsons Hotel and Resorts began its refresh and renovation works across its chain of budget hotels. The new look-and-feel of every Go Hotels branch will soon be enjoyed by its patrons as renovation is slated to be finished this 2020.

Future Developments

Robinsons Hotel and Resorts will add more than 300 operational rooms to its portfolio in 2020. It is set to open Summit Hotel Naga, Go Hotels Naga, and Go Hotels Tuguegarao. The Division will continue to build hotels in key locations with the goal of becoming the largest hospitality group with the widest variety of brands and formats in the country.



Go Hotel Naga Lobby

Industrial & Integrated Developments

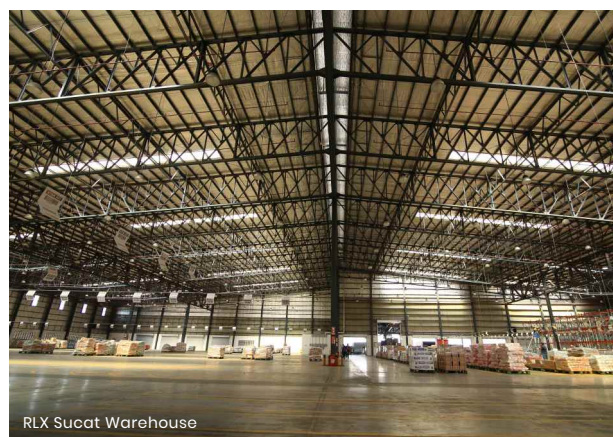


The Industrial and Integrated Developments Division continues to forge business growth opportunities through its land-banking program, the development of integrated townships, strategic joint-ventures, and participation in real estate-related Public-Private Partnership (PPP) projects with the government.

This division draws from the strength of its diversified business competencies by synergizing development strategies through its Destination Estates, which showcase a dynamic mix of locators including residences, retail centers, work spaces, hospitality facilities institutional developments, socio-civic areas and public art installations.



Bridgetowne and Sierra Valley are two of its newest destination estates. Bridgetowne is the first township development of Robinsons Land Corporation. It has two main districts, one located in Quezon City and the other in Pasig City, connected by an iconic bridge which has been completed. The project will soon herald the next wave of developments which will complete its offerings for a vibrant and dynamic lifestyle.



Sierra Valley, an 18-hectare destination estate in Cainta and Taytay, Rizal, is soon to be populated with a mix of commercial, residential and office developments. Land development works have been completed and interim commercial locators are in place to give the public a flavor of things to come for Sierra Valley.

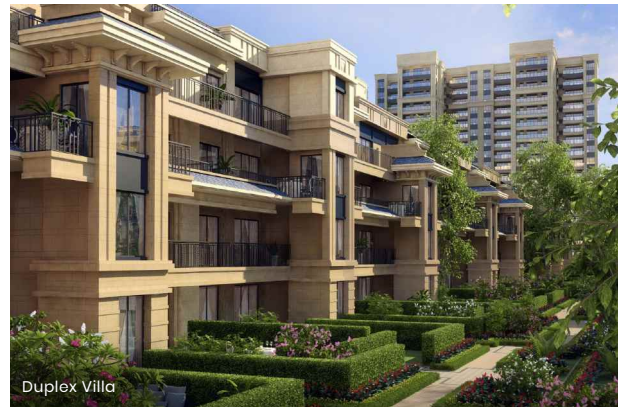
Additionally, RLC-IID division pursues new businesses which may serve to diversify the Company's earnings. One such new business that resulted from this endeavor was the development of logistics facilities. Under the RLX Logistics Facilities brand, the group is currently developing excellent quality logistics facilities in industrial centers of growth in the Philippines and is on-track with its goal to ramp up its portfolio to approximately 160,000 square meters in the next two years.

Chengdu Ban Bian Jie



Banking on its well-established expertise in the Philippines, RLC expanded its footprint beyond local shores and embarked on its first international venture with a residential project in Chengdu City, China. Chengdu City, the capital of Sichuan province, is China's fifth most populous city with over 16 million residents. It is also considered to be one of the country's wealthiest urban destinations. RLC's Ban Bian Jie project is strategically situated in the Wuhou District, the largest of the five internal districts of Chengdu. The project's prime location, next to the Jiang An river and in close proximity to the Yong Kang Forest Park, and its quality features make it an attractive and preferred choice for employees and families, alike.

The Chengdu Ban Bian Jie project is a residential development that covers a total gross floor area of approximately 220,000 square meters. A blend of thoughtfully-designed high-rise residential buildings, townhouses, as well as shop houses, Chengdu Ban Bian Jie caters to the upper-middle class market and its sophisticated lifestyle. The project features an amusement area for kids, and various sports amenities including gym facilities and a swimming pool to satisfy even the most active of its residents. With its close and convenient proximity to the major Chengdu Shuangliu International Airport, the sprawling community is complete with entertainment hubs and relaxation spaces, such as the clubhouse, ecological gardens, and a commercial complex to suit one's every lifestyle and whim.



In mid-2018, RLC successfully launched the first phase of the project's high-rise residential towers, which achieved revenues of approximately RMB 1.14 billion. The positive response of the market spoke volumes of the level of public confidence in the project's quality and future value. In 2019, RLC completed substantial construction milestones, keeping the project on track to prepare for handover and sales permit application in time for the launch of Phase 2's residential tower.

With the encouraging success of its first international venture, Robinsons Land aims to further demonstrate its expertise in building landmark projects and in improving lifestyle experiences both in and beyond the Philippines.



**CORPORATE SOCIAL
RESPONSIBILITY**

RLove Program



In 2016, Robinsons Land Corporation established **RLove**, a Corporate Social Responsibility (CSR) program that spearheads various social welfare and advocacy projects through philanthropy, volunteerism, and partnerships. The program is committed to enrich lives and support meaningful causes in pursuit of shaping a better future for communities where Robinsons Land Corporation is a part of.

As an active response to the changing needs of the Filipino community, a variety of social welfare projects were implemented in line with priority causes: Community Development and Social Involvement, Health and Nutrition, Emergency Response, and Child Welfare and Education. This year, the RLove program has provided assistance to 50 partner beneficiary groups, while strengthening its partnerships with national agencies, and both local and international civil society organizations.

Employee Volunteerism and Engagement

At the core of the RLove CSR program are employee volunteerism and engagement. Time, skills, and material resources are shared as a concrete expression of the commitment to uplift communities and to spark transformative social change.

RLC employees rendered a total of 5,000 volunteer hours for RLove activities this year. They also participated in collecting donations and organizing drives for Brigada Eskwela, tree planting initiatives, coastal clean-ups, and various relief operations and outreach activities.



Disaster Response

RLC reached out to disaster victims through Robinsons Malls relief operations. Seeing the need to lift the Filipino spirit amidst calamities and disasters, RLove through Robinsons Malls was able to provide emergency assistance to affected communities with the help of their respective Provincial Disaster and Risk Reduction Management Resiliency Office. RLove relief food packs were distributed in evacuation centers, and through door-to-door efforts to reach all calamity-stricken families. Construction materials were also donated to encourage residents to rebuild their homes during the Mindanao-Davao Earthquake. Robinsons Malls conducted relief operations in Ilocos Norte and Naga City during Typhoon Ineng and Tisoy.

Community Development and Social Involvement

RLC is deliberate in its commitment to preserve the environment and takes action to protect it in every aspect. In 2019, several Robinsons malls partnered with their local government hosts in promoting environmental projects. Robinsons Place Palawan participated in the International Coastal Clean-up, *Pista Yang Kagueban* (Feast of the Forest) and the 2nd Balayong Festival, commemorating the founding anniversary of the City of Puerto Princesa highlighted by balayong tree-planting. Robinsons Place Naga also participated in Naga City Arbor Day – 1st Anniversary celebration through citywide tree planting.

Robinsons Homes, on the other hand, organized **Our Roots, Our Home** for the 7th year, a tree planting program that provides communities with a more sustainable and environment-friendly lifestyle.

Robinsons Land Corporation took part in the DENR-organized activities for the 2019 International Coastal Clean-up Philippines dubbed as "The Battle for Trash-Free Manila Bay." Employee volunteers made their way to Navotas Centennial Park, a waterfront park facing Manila Bay. While the park is a popular place for jogging and other activities, its coastal areas are often littered with trash. For two hours, RLC volunteers combed the area and collected an estimated 100 kilos of garbage, which were turned over to the event's organizers for proper disposal.

The Company participated in other initiatives and activities including *Aldaw Kan Salog Ning Buhay* (Naga River Day), a clean-up drive hosted by Robinsons Place Naga, and Linis Estero Clean-up Drives in Robinsons Place Jaro, Robinsons Place Iligan and Robinsons Place Roxas.

Health and Nutrition

To service the needs of the marginalized sectors, including persons with disabilities and diseases, the program donated resources for daily essentials, support therapies, and medicines. This year, the program served *The Hansen Lepers Association of Cebu* to empower people diagnosed with Hansen disease to overcome their limitations and to navigate opportunities for a better life. RLC also supported "*LaBang (Lahat Bangon)*" in Barangay Tejero, a community program organized in conjunction with the drug dependent recovery campaign, through sponsoring meals for participants who joined the educational sessions.



Robinsons Hotels and Resorts partnered with the Giving Hope Foundation for its **Project Food for Thought**, a feeding program for indigent public school students at Pineda Elementary School in Pineda, Pasig. Beneficiaries of the program included malnourished children and indigent students who go to school without food or allowance. The program currently provides nourishment to 300 children throughout the school weeks.

In partnership with Philippine Basketball Association (PBA), 20 abled children from Philippine Children's Medical Center Pediatric Cancer and Hematology Center, together with their parents, were treated to "Christmas Shopping" in Robinsons Galleria Mall during the holiday season. RLC handed out gift certificates to each child, which could be used to purchase toys and clothes inside the mall. The kids were assisted by PBA basketball players and RLC volunteer employees.

Child Welfare and Education

RLove actively participates in the Department of Education's *Brigada Eskwela* project and "Adopt-A- School" program that caters to over 82,000 public school students. In 2019, RLC assisted 54 public schools located in 24 different provinces and cities across the country in improving classrooms and common areas. Activities include repainting of classrooms, repairing of school furniture, and donation of audio-visual equipment and information to aid the children's learning.

Robinsons Hotels and Resorts Division set up its own child protection commitment and policy through the implementation of a framework for staff development, and skills development of tourism professionals and front liners on **Child Safeguarding and Protection**. This initiative was executed in partnership with UNICEF and ECPAT Philippines.





UNICEF-ECPAT Philippines



Fill-a-Bagpack

The Residential Division supported **He Cares Mission**, a non-profit, Christian organization that reached out to 200 underprivileged children in Metro Manila, by donating toys, books, bags, and clothes, which were distributed through the foundation. The project was implemented in partnership with the various condominium corporations, unit owners, and tenants of RLC's residential developments.

The Residential Division, in partnership with Hongkong Land and the condominium corporations, also spearheaded **Fill-a-Bagpack**. Donation boxes were stationed in the different RLC developments in Pasig and Quezon City to encourage condominium owners and residents to donate school essentials such as crayons, notebooks, and writing instruments. All of the items collected were placed in backpacks and distributed to 150 pupils of Jenny's Day Care in Brgy. Rosario, Pasig.

RLC Employees also initiated **RLove Christmas Toy Drive** for the collection of in-kind and monetary donations. Brand new toys suitable for babies up to 17-year-old children were given to 100 kids from Children's Village of Bantay Bata 163 in Norzagaray Bulacan, bringing the true spirit of Christmas to life.

Robinsons Malls Gift of Change



Robinsons Malls' The Gift of Change (TGOC) is an ongoing coin bank donation campaign which was launched over 20 years ago. It is a movement for change driven by RLC's goal of uplifting the lives of Filipinos and serving the needs of its partner communities. Through various initiatives focused on health, wellness, and community development, TGOC strives to reach out and give back to the society at large. With the support of mall shoppers who willingly donated their spare change, TGOC was able to launch several projects including The Gift of Sight, *Pailaw sa Barangay*, *Binyagang Bayan*, *Libreng Bakuna* (Free Vaccination), Bike for Change, and The Gift of heART.

The Gift of Sight

Since its inception in 2015, The Gift of Sight project has been providing free eye screening and prescription eyeglasses to indigent Filipinos in Robinsons Malls communities who are at risk of going blind due to negligence and poverty. This year, the project set up services in Robinsons Forum, Robinsons Starmills Pampanga, and Robinsons Metro East. A total of 1,403 beneficiaries composed of the elderly, grade school, and high school students received professional eye examinations, while a total of 1,091 beneficiaries received durable single/double eyeglasses and reading glasses. To date, **The Gift of Sight** program has served more than 7,000 beneficiaries.



Art with a Heart

Now on its second year, **The Gift of heART** enjoins various Filipino artists to donate their priceless works of art to The Gift of Change (TGOC) as part of a fundraising activity. The Gift of heART received a total of 46 artworks rendered in acrylic, oil pastel, watercolor, oil, and mixed media which were displayed in an Art Exhibit held at Robinsons Galleria. Hundred percent of the proceeds from artworks sold will be used to support the various projects under Robinsons Malls' The Gift of Change.

Season of Sharing

In celebration of the Yuletide season, The Gift of Change partnered with various local government units to distribute gifts and *Noche Buena* packages to chosen beneficiaries.



Bike of Change in Robinsons Metroeast

Under the **Bike for Change** program, the project provides bicycles to indigent scholars for easier, safer, and faster access to school. Over 71 units were distributed to deserving grade school to senior high school students from different public schools in Quezon City, Pasig City, and Imus City. During a simultaneous Tree Lighting Event held in the cities of Imus, Dasmariñas and General Trias, Robinsons Malls also donated 500 pairs of slippers to families under the national government’s *Pantawid Pamilyang Pilipino Program* (4Ps) and to the children of *Bahay Tuluyan*. Water dispensers were also donated to Bukid Kabataan Center in Dasmariñas.

Relief Operations

Consistent with its mission to give back and extend assistance to Filipinos in need, Robinsons Malls engaged in various relief operations program in calamity-stricken areas in Luzon, Visayas, and Mindanao.

When fire broke out in Tinajeros, Cebu last March, employee-volunteers immediately delivered and distributed 130 relief packs to affected residents. Over 1,000 families also received assistance after a series of earthquakes hit Pampanga, Tacloban, and Cotabato.

In the latter part of 2019, when a typhoon caused catastrophic damage to livelihoods and infrastructures in Ilocos Norte, Cagayan, Sorsogon, Naga, Tuguegarao, Roxas, and Tacloban, Robinsons Malls distributed over 3,000 relief packs containing basic food items like rice, water, and canned goods.



Environment & Sustainability



Renewable Energy: Mall Solar Facilities

RLC values energy management to promote sustainable growth for the organization. To integrate this into the company's operations, RLC embarked on a renewable energy project to install off-grid rooftop solar PV (photovoltaic) panels in its malls nationwide. This demonstrates RLC's commitment to protect the environment from the adverse effects of carbon emissions, and to be an industry leader in efficient energy use, alongside its other energy conservation and efficiency programs. RLC still holds the record of having the world's largest solar-powered facility installed on a mall's rooftop for self-consumption.



To date, RLC has completed 21 solar projects for a total of approximately 21,682.46 kWp (21.68 MWp) of solar panels installed. This is equivalent to about 306,774 trees planted and 18,554.10 tons of carbon dioxide avoided. Malls with solar facilities are located in Palawan, Iloilo, Dumaguete, Roxas, Antique, San Fernando Pampanga, Angeles Pampanga, Novaliches, Tacloban, Bacolod, Jaro, Tagum, Galleria Cebu, Cybergate Cebu, Ilocos, Pangasinan, Pavia, and Ormoc.

For 2020, RLC targets to install solar panels in 8 more commercial centers in different locations nationwide including General Santos, Naga, Santiago, Iligan, Butuan and North Tacloban. Aside from this, plans to roll out even more solar PV systems in both existing and future malls are already in the pipeline.



Wastewater Recovery Program

RLC recognizes the importance of intelligent use of water resources. Through the **Wastewater Recovery Program**, wastewater is treated, filtered, and reused resulting in zero wastewater discharge to public sewers. Several RLC hotels and malls now use 100% recycled wastewater for their toilets and irrigation requirements.

Robinsons Malls Recycling Market

The Robinsons Malls Recycling Market and **Shoot Your PET Bottles** project provide waste-recovery systems through a once-a-month recyclable-buying fair involving Robinsons tenants, customers, other business establishments, schools, religious groups, and city residents. The project aims to instill environmental stewardship amongst city residents and businesses, while providing additional income to households and organizations. Through this project, waste-to-landfill diversion is achieved through segregation campaigns, recycling practices, and the trash-for-cash incentive mechanism.

Robinsons Place Ilocos, Robinsons Place Malolos, Robinsons Town Mall Malabon, and Robinsons Novaliches actively promoted the initiative. More than 140 tons of solid waste recyclables consisting of cartons, PET bottles, papers, tin, aluminum, cans and even old appliances were brought to the Weekend Recycling Market to prevent landfill pollution. The project was executed in partnership with the respective Local Government Units and DENR-Environment Management Bureau.

Robinsons Malls Weekend Recycling Market contributes to the multiple solution approach in waste management by creating public awareness on the importance of the preservation of the environment through promotion of the REUSE, REDUCE, RECYCLE attitude in the malls' respective communities. It is RLC's way of creating shared value for all involved stakeholders – the local businesses, customers, local organizations, and neighbouring communities.

Aside from the Weekend Recycling Market, Robinsons Place Novaliches also partnered with Tetra Pak Philippines to launch the *Panalong Easy sa UBC* project. The project promotes proper waste management and carton recycling through the collection of used beverage cartons from junk shops and mall customers. It likewise aims to educate the public on the positive impact of waste recycling activities and to impart lifestyle changes that may contribute to environmental preservation.

Bote Ko, Palit Ko

Robinsons Malls Iloilo partnered with the local government and the Provincial Environment and Natural Resources Office (PENRO Iloilo) for "**Bote Ko, Palit Ko**", an eco-brick project that champions the adoption of the Alternative Recycling Technology (ART) through plastic bottle redemption activities. The campaign targeted schools and universities, including mall customers who donated collated plastic bottles or "trash in a bottle" in exchange for eco-friendly items from the mall. Collected plastic bottles were used to create planter boxes, and low non-load bearing walls for schools.



**CORPORATE
GOVERNANCE**

Our Commitment to Good Governance

Robinsons Land Corporation (“The Company”) acknowledges that good corporate governance is essential to build an environment of trust, transparency and accountability necessary for fostering long-term performance, financial stability, business integrity and sustainability of the company for the protection of the interests of shareholders and other stakeholders.

Corporate governance is the framework of rules, systems and processes of the corporation that governs the performance by the Board of Directors and Management of their respective duties and responsibilities to the stakeholders. The Revised Corporate Governance Manual was adopted to institutionalize corporate governance principles as a guide for the daily conduct of business.

The Company continuously strives to strengthen and improve its corporate governance practices by adopting best practices that includes building a competent board, aligning strategies with goals, managing risk effectively, adhering to high standards of ethics and integrity, and promoting accountability by defining roles and responsibilities.

The Company believes that sound and effective corporate practices are fundamental to the smooth, effective and transparent operation of the company, its ability to attract investment and enhance shareholder value. This includes the Company’s commitment to ensure fair and equitable treatment of all shareholders, including the minority, and the protection of their rights that include:

1. Right to vote on all matters that require their consent or approval
2. Right to inspect corporate books and records
3. Right to information
4. Right to dividends
5. Appraisal right

The Company is transparent and fair in the conduct of the annual and special Shareholders’ meetings. To foster active shareholder participation, the Board sends the Notice of Annual and Special Shareholders’ Meeting with sufficient and relevant information at least fifteen (15) business days before the meeting, which also complies with the Securities Regulation Code. The Shareholders are encouraged to personally attend such meetings. Shareholders who are unable to attend are apprised ahead of time of their right to appoint a proxy. Subject to the requirements of law, rules and regulations and the By-Laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy shall be resolved in the favor of the shareholder.

Guided by the principles of fairness, accountability and transparency to the shareholding public, the Company ensures that the result of the votes taken during the most recent Annual or Special Shareholders’ Meeting are made available by the next working day. In addition, the Minutes of the Annual and Special Shareholders’ Meeting may be accessed through the Company Website within five (5) business days from the end of the meeting.

Duty to Other Stakeholders

The Company recognizes and places importance on the interdependence between business and society, and promote a mutually beneficial relationship that encourages the Company’s sustainable growth, while contributing to the advancement of the society where it operates. The Company employs value chain processes that take into consideration Economic, Environmental and Social Governance (EESG) issues and concerns.

Customers’ Welfare

The Company adopts customer relations policies and procedures to protect customer’s welfare. This includes providing and making available the customer relations contact information empowered to address and attend to customer questions and concerns.

Supplier/Contractor Selection

The Company follows the Supplier Accreditation Policy to ensure that the Company’s suppliers and contractors are qualified to meet its commitments. Apart from the accreditation process, suppliers and contractors also undergo orientation on Company policies and ethical practices.

Employees

The Board also establishes policies, programs and procedures that encourage employees to actively participate in the realization of the Company's goals and its governance including but not limited to:

- Health, safety and welfare;
- Training and development; and
- Reward and compensation

1. Performance-enhancing mechanisms for employee participation

The Company abides by the standards and policies set by the Department of Labor and Employment. Likewise, the Company has Security and Safety Manuals that are implemented, reviewed and regularly updated to ensure the security, safety, health, and welfare of the employees in the workplace.

The Company continuously provides learning and development opportunities for its employees through the John Gokongwei Institute for Leadership and Enterprise Development (JG-ILED), the leadership platform for systematic and sustained development programs across the conglomerate. Its mission is to enable a high performing organization that will facilitate the learning process and develop the intellectual and personal growth of all employees through targeted and customized trainings and development programs.

2. Anti-corruption programs and procedures

The Company is committed to promoting transparency and fairness to all stakeholders. The Board sets the tone and make a stand against corrupt practices by adopting anti-corruption policies and programs. Some of the Company's Anti-Corruption programs are embodied in the Code of Business Conduct and Ethics, Conflict of Interest, Offenses Subject to Disciplinary Action (OSDA), among others. The same are disseminated to all employees across the Company through trainings to embed them in the Company's culture. New employees are oriented regarding policies and procedures related to Business Conduct and Ethics and similar policies. All employees are given periodic reminders. Further, all concerned employees of the Conglomerate are required to comply with the Self-Disclosure Activity on Conflict of Interest and Declaration of Gifts Received on an annual basis.

The Company also has an established suitable framework for whistleblowing and ensure its enforcement to allow employees and other stakeholders to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.

The anti-corruption programs and procedures of the Company are summarized below:

Business Conduct & Ethics	Policy Statement
Conflict of Interest	The Company's Code of Business Conduct and Conflict of Interest Policy require employees to make a conscious effort to avoid conflict of interest situations; that his judgment and discretion are not influenced by considerations of personal gain or benefit. A conflict of interest may also occur because of the actions, employment, or investments of an immediate family member of an employee.
Conduct of Business and Fair Dealings	The Company's employees who recommend, endorse, or approve the procurement or sale of goods and services should make a conscious effort to avoid any conflict of interest situation in transactions they are involved in.
Receipt of Gifts from Third Parties	The Company discourages the acceptance of gifts. However, gifts like advertising novelties may be given or accepted during the Christmas season. There is no restriction in the value of the gift that may be accepted. However, accepted gift with estimated value over Php2,000.00 must be disclosed to the Conflicts of Interest Committee.

Business Conduct & Ethics	Policy Statement
Compliance with Laws and Regulations	The Company ensures that all transactions comply with relevant laws and regulations. Any deficiencies are immediately rectified.
Respect for Trade Secrets/ Use of Non- public Information	The Company has policies that ensure proper and authorized disclosure of confidential information. Disclosures to the public can only be done after the disclosure to SEC and PSE by the Company's authorized officers.
Use of Company Funds, Assets and Information	Employees are required to safeguard Company resources and assets with honesty and integrity. Employees must ensure that these assets are efficiently, effectively, and responsibly utilized.
Employment and Labor Laws and Policies	The Company ensures the observance, strict implementation and compliance with employment and labor laws and policies with regards to recruitment, employment, retention and benefits of the employees.
Disciplinary Action	Violation of any provision of the Code of Business Conduct may result to disciplinary action, including dismissal and reimbursement for any loss to the Company that resulted from the employee's actions. If appropriate, a violation may result in legal action against the employee or referral to the appropriate government authorities.
Whistleblowing	<p>The stakeholders may discuss or disclose in writing any concern on potential violation of the Code of Business Conduct with the Conflicts of Interest Committee. Reports or disclosures can be made in writing or by email using the following contact details:</p> <p>a. email address: cicom@jgsummit.com.ph b. fax number: 8395-3888 c. mailing address: Must be sent in a sealed envelope clearly marked "Strictly Private and Confidential-To Be Opened by Addressee Only"</p> <p>CICOM JG Summit Holdings, Inc. 40th Flr. Robinsons Equitable Tower ADB Avenue, Cor., Poveda Road, Pasig City</p> <p>The complaint shall be filed using the Complaint/Disclosure Form (CDF) available in the company website.</p> <p>All information received in connection with the reports or disclosures shall be strictly confidential and shall not be disclosed to any person without prior consent of CICOM.</p> <p>The Company commits to protect those who report in good faith from retaliation, harassment and even informal pressures. It will take the necessary and appropriate action to do so in enforcing the policy.</p>
Conflict Resolution	The Conflicts of Interest Committee submits recommendations on courses of action to be taken on conflicts of interest situations. The decision is done by the Executive Committee.

Corporate Governance Highlights

Consistent with the Revised Corporate Governance Manual and pursuant to the recommendations provided in the Code of Corporate Governance for Publicly Listed Companies (PLCs), the Company strengthened its policies on **Board Diversity, Board Nomination and Election, Succession Planning and Remuneration, Material Related Party Transactions, Insider Trading and Whistleblowing** to reinforce the governance framework of the Company. These policies may be accessed in the Company's website, in the Governance section, <https://www.robinsonsland.com/company-policies/>

The Company submitted the Integrated Corporate Governance Report (I-ACGR) to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) on May 30, 2019. The I-ACGR is a reportorial requirement under SEC Memorandum Circular No. 15 series of 2017 to all PLCs to disclose the Company's compliance/non-compliance with the recommendations provided under the Corporate Governance Code for PLCs. With the "comply or explain" approach, voluntary compliance to recommended CG best practices is combined with mandatory disclosure. The Company also submitted the Material Related Party Transactions (MRPT) Policy to SEC on October 28, 2019 as required under SEC Memorandum Circular No. 10 series of 2019.

The Company's I-ACGR may be accessed through the Company website by clicking this link, <https://www.robinsonsland.com/downloads/download-governance/i-acgr>

The Board of Directors – Responsibilities & Composition

The Board of Directors (“The Board”) is primarily responsible for the governance of the Company and provides an independent check on management. It has the duty to foster the long-term success of the Company and to ensure that the Company’s competitiveness and profitability will be sustained in a manner consistent with its corporate objectives for the best interest of the company and its stakeholders.

The Board formulates the Company’s vision, mission, strategic objectives, policies and procedures that guide its activities, including the means to effectively monitor Management’s performance. It provides direction and approval in relation to matters concerning the Company’s business strategies, policies and plans, while the day- to-day business operations are delegated to the Executive Committee.

The Board exercises care, skill and judgment and observes good faith and loyalty in the conduct and management of the business and affairs of the Company. It ensures that all its actions are within the scope of power and authority as prescribed in the Articles of Incorporation, By-Laws, and existing laws, rules and regulations. To uphold high standard for the Company, its Shareholders and other Stakeholders, the Board conducts itself with honesty and integrity in the performance of its duties and responsibilities.

Board Duties and Responsibilities

The Company’s Corporate Governance Manual specifies the roles, duties and responsibilities of the Board of Directors in compliance with relevant laws, rules and regulations. In adherence to the principles of corporate governance, the Board is tasked to perform the following:

General Responsibilities

It is the Board’s responsibility to foster the long-term success of the Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and in the best interest of the Corporation, its Shareholders and Stakeholders, as a whole.

Duties and Functions

To ensure high standard for the Corporation, its Shareholders and other Stakeholders, the Board shall conduct itself with honesty and integrity in the performance of, among others, the following duties and responsibilities:

- Act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and all Stakeholders;
- Oversee the development of and approve the Company’s business objectives and strategy, and monitor their implementation, in order to sustain the Company’s long-term viability and strength. The Board shall review and guide corporate strategy, major plans of action, risk management policies and procedures, annual budgets and business plans; set performance objectives; monitor implementation and corporate performance; and oversee major capital expenditures, acquisitions and divestitures;
- Oversee the adoption of an effective succession planning program and remuneration policies;
- Adopt policies on board nomination and election that will ensure diversity in board composition in terms of knowledge, expertise and experience;
- Oversee the implementation of a policy and system on RPTs which shall include the review and approval of material or significant RPTs and ensure fairness and transparency of the transactions;
- Oversee the adoption of policies on the selection of Management and Key Officers and the assessment of their performance;
- Oversee the establishment of an internal control system to monitor and manage potential conflicts of interest and an ERM framework to identify, monitor, assess and manage key business risks;
- Annually review, together with Management, the Company’s vision and mission;
- Ensure the Corporation’s faithful compliance with all applicable laws and regulations, and best business practices;
- Establish and maintain an Investor Relations Program that will keep the Shareholders informed of important developments in the Corporation. The Corporation’s CEO shall exercise oversight responsibility over this program;
- Identify the Corporation’s Stakeholders in the community in which it operates or are directly affected by its operations and formulate a clear policy of accurate, timely, and effective communication with them;
- Adopt a system of check and balance within the Board. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting processes at all times;

- Ensure that the Corporation has an independent audit mechanism for the proper audit and review of the Corporation's financial statements by independent auditors;
- Ensure that the Corporation establishes appropriate Corporate Governance policies and procedures pursuant to this Manual and the Governance Code, including but not limited to, policies on conflict of interest, and oversee the effective implementation thereof; and
- Consider the implementation of an alternative dispute resolution system for the amicable settlement of conflicts or differences between the Corporation and its Shareholders, if applicable.

Balanced board composition

The Company recognizes the benefits of having a diverse Board and its value in maintaining sound corporate governance while achieving strategic objectives and sustainable growth. The Board Member's biographical details can be found in the Information Statement. The Board is diverse in terms of expertise, gender and professional experience. The Board of Directors is composed of 11 members. Currently, the Board has 10 directors, 9 of these directors are non-executive and 4 of which are independent directors. The Board has a woman forming part of the non-executive directors. Furthermore, the posts of Chairman and Chief Executive Officer of the Company are separate to ensure a clear distinction between the Chairman's responsibility to manage the Board and the Chief Executive Officer's responsibility to manage the Company's business. The division of responsibilities between the Chairman and the Chief Executive Officer is clearly established and set out in the Revised Corporate Governance Manual.

Board Independence

The Board has four independent directors that possess all the necessary qualifications and none of the disqualifications to hold the position. The Company complies with the Corporate Governance best practice of having 3 IDs or 30%, whichever is higher to reinforce proper mechanisms for disclosure, protection of the rights of shareholders, equitable treatment of shareholders, and the accountability of the Board and Management are in place. In cases of conflicts of interest, Directors with a material interest in any transaction with the Company abstain from participating in the deliberation of the same.

Board Training and Orientation

The Company ensures that directors are able to perform their functions effectively in this rapidly changing environment to cope with heightened regulatory policies, foreign and local demands, and the growing complexity of business. Orientation programs are conducted for first-time directors to ensure that new members are appropriately apprised of their duties and responsibilities. This includes overview of the Company's operations, Code of Conduct, Corporate Governance framework and other relevant topics essential in the performance of their functions. As a matter of continuous professional education, the Company facilitates the training opportunities provided for the Directors and Key Officers.

Board Meetings

The Board schedules meetings at the beginning of the year, holds regular meetings in accordance with its By-Laws and convene special meetings when required by business exigencies. The notice and agenda of the meeting and other relevant meeting materials are furnished to the Directors at least five (5) business days prior to each meeting. Meetings are duly minuted. The Independent Directors shall always attend Board meetings. Unless otherwise provided in the By-Laws, their absence shall not affect the quorum requirement. However, the Board may, to promote transparency, require the presence of at least one (1) Independent Director in all its meetings.

To monitor the Directors' compliance with the attendance requirements, the Company submits to the Commission an advisement letter on the Directors' record of attendance in Board meetings.

Attendance of Directors

January 1, 2019 to December 31, 2019

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Director, Chairman Emeritus and Founder	John L. Gokongwei, Jr.+	May 29, 2019	13	12*	92%
Director, Chairman Emeritus	James L. Go	May 29, 2019	13	13	100%
Director, Chairman	Lance Y. Gokongwei	May 29, 2019	13	13	100%
Director, President and CEO	Frederick D. Go	May 29, 2019	13	13	100%
Director	Patrick Henry C. Go	May 29, 2019	13	13	100%
Director	Robina Gokongwei-Pe	May 29, 2019	13	13	100%
Director	Johnson Robert G. Go, Jr.	May 29, 2019	13	13	100%
Independent Director	Artemio V. Panganiban	May 29, 2019	13	13	100%
Independent Director	Emmanuel C. Rojas, Jr.	May 29, 2019	13	13	100%
Independent Director	Roberto F. De Ocampo	May 29, 2019	13	13	100%
Independent Director	Omar Byron T. Mier	May 29, 2019	13	13	100%

Note: *Mr. John L. Gokongwei, Jr. passed away on November 9, 2019.

The Board Committees

To enable better and more focused attention on the affairs of the Company and aid in the optimal performance of its roles and responsibilities, the Board delegates particular matters to the Board Committees set up for the purpose mainly (a) Audit Committee, (b) Corporate Governance Committee and (c) Board Risk Oversight Committee (BROC).

A. Audit Committee

The Audit Committee provides oversight over the Company's financial reporting, Internal Control System, Internal and External Audit processes, and monitor compliance with applicable laws and regulations. It ensures that systems and processes are put in place to provide assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of business operations, and proper safeguarding and use of the Company's resources and assets.

Position	Director
Chairman	Emmanuel C. Roxas, Jr. (ID)
Members	Lance Y. Gokongwei Frederick D. Go Artemio V. Panganiban Roberto de Ocampo

B. Corporate Governance Committee

The Corporate Governance Committee oversees the development and implementation of Corporate Governance principles and policies and recommends a formal framework on the nomination, remuneration and evaluation of the performance of the Directors and key Management Officers consistent with the Company's culture, strategies and the business environment.

Position	Director
Chairman	Roberto F. De Ocampo
Members	Emmanuel C. Rojas, Jr. Omar Byron T. Mier

C. Board Risk Oversight Committee

The Board Risk Oversight Committee oversees the establishment of ERM framework that effectively identify, monitor, assess and manage key business risks and assess the effectiveness of risk management strategies. The BROOC is responsible for defining the Company's level of risk tolerance and providing oversight over its risk management policies and procedures to anticipate, minimize, control or manage risks or possible threats to its operational and financial viability.

Position	Director
Chairman	Artemio V. Panganiban
Members	Lance Y. Gokongwei Frederick D. Go Emmanuel C. Roxas, Jr. Roberto F. De Ocampo

The Corporate Secretary

The Corporate Secretary assists the Board and the Board Committees in the conduct of their meetings, including preparation of the annual schedule of Board and Committee meetings and the annual Board calendar. She also assists the Board Chairs and its Committees in setting agendas for the meetings, safekeeps and preserves the integrity of the minutes of the meeting of the Board and its Committees, as well as other official records of the Company.

The Corporate Secretary keeps herself abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the Company, and advice the Board and the Chairman on all relevant issues as they arise. She works fairly and objectively with the Board, Management and Shareholders and contributes to the flow of information between the Board and Management, the Board and its Committees, and the Board and its Stakeholders, including Shareholders.

Atty. Rosalinda F. Rivera is the current Corporate Secretary of the Company. She was appointed as Corporate Secretary on May 28, 2003 and has been Assistant Corporate Secretary since May 2002. She is also the Corporate Secretary of JG Summit Holdings, Inc., Universal Robina Corporation, Cebu Air, Inc., Robinsons Retail Holdings, Inc. and JG Summit Petrochemical Corporation. Prior to joining the Company, she was a Senior Associate in Puno and Puno Law Offices.

She received a degree of Juris Doctor from the Ateneo de Manila University School of Law and a Masters of Law in International Banking from the Boston University School of Law.

The Compliance Officer

The Compliance Officer monitors, reviews, evaluates and ensures the compliance by the Company; its Officers and Directors with the provisions and requirements of the Corporate Governance Manual and the relevant laws, the Corporate Governance Code, rules and regulations and all governance issuances of regulatory agencies. She also ensures the integrity and accuracy of all documentary submissions to the regulators; identifies possible areas of compliance issues and works towards the resolution of the same. She assists the Board and the Corporate Governance Committee in the performance of their governance functions, including their duties to oversee the formulation or review and implementation of the Corporate Governance structure and policies of the Company.

Arlene S. Denzon is the current Compliance Officer and Vice President of the Corporate Governance and Management Systems (CGMS) of JGSHI. She also serves as the Compliance Officer of Universal Robina Corporation and JG Summit Holdings, Inc. Prior to rejoining JGSHI in February 2013, she was the Senior Vice President and Chief Risk Officer (SVP and CRO) in charge of the Enterprise-wide Risk Management Group of Digitel Mobile Philippines, Inc. (DMPI, more popularly known as Sun Cellular) until December, 2012. Ms. Denzon started her career in the Gokongwei Group in 1991 and performed various roles including Accounting Manager of JGSHI until 1997, Assistant Vice President – Special Assistant to the Chairman until 2001, Vice President – Treasurer and Acting Chief Financial Officer of URC International until 2003 before she was seconded to DMPI in 2004. Prior to JGSHI, Ms. Denzon had three years working experience as external auditor in Sycip, Gorres, Velayo & Co.

She is a Certified Public Accountant Board top-notch and obtained her Bachelor of Accountancy degree, Magna Cum Laude, from the Polytechnic University of the Philippines.

Enterprise Risk Management, Accountability, and Audit

The Company recognizes the increasing importance of sound risk management practices to drive business growth and sustainability. The Company implemented systems and processes to facilitate proper risk identification, monitoring and control, which are key to effective corporate governance. Timely and accurate management and financial reporting systems, internal controls, and audits are also employed to protect and maximize stakeholders' value.

The Board oversees Management's adoption and implementation of a sound risk management framework for identifying, monitoring and managing key risk areas. The BOD reviews Management reports with due diligence to enable the company to anticipate, minimize, control and manage risks or possible threats to its operational and financial viability.

Enterprise Risk Management

Through a sound Enterprise Risk Management (ERM) framework, the Company effectively identifies, monitors, assesses and manages key business risks. The framework guides the Board in identifying units/business lines and enterprise level risk exposures, as well as the effectiveness of risk management strategies.

The **ERM framework** revolves around the following eight interrelated risk management approaches:

1. **Internal Environmental Scanning** - it involves the review of the overall prevailing risk profile of the Business Unit (BU) to determine how risks are viewed and addressed by the management. This is presented during the strategic planning, annual budgeting and mid-year performance reviews of the BU.
2. **Objective Setting** - the Company's BOD mandates Management to set the overall annual targets through strategic planning activities, in order to ensure that management has a process in place to set objectives that are aligned with the Company's goals.
3. **Event Identification** - it identifies both internal and external events affecting the Group's set targets, distinguishing between risks and opportunities.
4. **Risk Assessment** - the identified risks are analyzed relative to the probability and severity of potential loss that serves as basis for determining how the risks will be managed. The risks are further assessed as to which risks are controllable and uncontrollable, risks that require management's action or monitoring, and risks that may materially weaken the Company's earnings and capital.
5. **Risk Response** - the Company's BOD, through the oversight role of the Internal Control Group ensures action plan is executed to mitigate risks, either to avoid, self-insure, reduce, transfer or share risk.
6. **Control Activities** - policies and procedures are established and approved by the Company's BOD and implemented to ensure that the risk responses are effectively carried out enterprise-wide.
7. **Information and Communication** - relevant risk management information is identified, captured and communicated in form and substance that enable all personnel to perform their risk management roles.
8. **Monitoring** - the Internal Control Group of the respective Company and BUs and Corporate Internal Audit constantly monitor the management of risks through audit reviews, compliance checks, revalidation of risk strategies and performance reviews.

Risk Assessment Tool

To help Business Units in the Risk Assessment Process, the Risk Assessment Tool, which is a database driven web application, was developed for departments and units to facilitate the assessment, monitoring and management of risks.

The Risk Assessment Tool documents the following activities:

1. **Risk Identification** - is the critical step of the risk management process. The objective of risk identification is the early identification of events that may have negative impact on the Company's ability to achieve its goals and objectives.
 - 1.1. **Risk Indicator** - is a potential event or action that may prevent the continuity of operation or business
 - 1.2. **Risk Driver** - is an event or action that triggers the risk to materialize
 - 1.3. **Value Creation Opportunities** - is the positive benefit of addressing or managing the risk
2. **Identification of Existing Control Measures** - activities, actions or measures already in place to control, prevent or manage the risk.

3. **Risk Rating/Score** – is the quantification of the likelihood and impact to the Company if the risk materializes. The rating has two (2) components:
 - 3.1. **Probability** – the likelihood of occurrence of risk
 - 3.2. **Severity** – the magnitude of the consequence of risk
4. **Risk Management Strategy** – is the structured and coherent approach to managing the identified risk.
5. **Risk Mitigation Action Plan** – is the overall approach to reduce the risk impact severity and/or probability of occurrence.

Results of the Risk Assessment Process is summarized in a Dashboard that highlights the risks that require urgent actions and mitigation plan. The dashboard helps Management to monitor, manage and decide a risk strategy and needed action plan.

Internal Controls

With the leadership of the Company's Chief Financial Officer (CFO), internal control is embedded in the operations of the company and in each BU thus increasing their accountability and ownership in the execution of the BU's internal control framework. To accomplish the established goals and objectives, BUs implement robust and efficient process controls to ensure:

1. Compliance with policies, procedures, laws and regulations
2. Economic and efficient use of resources
3. Check and balance and proper segregation of duties
4. Identification and remediation control weaknesses
5. Reliability and integrity of information
6. Proper safeguarding of company resources and protection of company assets through early detection and prevention of fraud.

Adequate and Timely Information

To enable the Directors to properly fulfill their duties and responsibilities, Management provides the Directors with complete, adequate, and timely information about the matters to be taken up in their meetings. Information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts, and internal financial documents. If the information provided by Management is not sufficient, further inquiries may be made by a Director to enable him to properly perform his duties and responsibilities. The Directors have independent access to Management and to the Corporate Secretary.

The Directors, either individually or as a Board, and in the performance of their duties and responsibilities, may seek access to independent professional advice within the guidelines set by the Board.

Accountability and Audit

The Board ensures that its Shareholders are provided with a balanced and comprehensible assessment of the Company's performance, position and prospects on a quarterly basis. Interim and other reports that could adversely affect its business are also made available in the Company website including its submissions and disclosures to the SEC and Philippine Stock Exchange (PSE). Management formulates the rules and procedures on financial reporting and internal control for presentation to the Audit Committee in accordance with the following guidelines:

1. The extent of its responsibility in the preparation of the financial statements of the Company, with the corresponding delineation of the responsibilities that pertain to the External Auditor, should be clearly defined;
2. An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Company for the benefit of all Shareholders and other Stakeholders;
3. On the basis of the approved Internal Audit Plan, Internal Audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the Company's governance, operations and information systems, including the reliability and integrity of financial and operation information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules, and regulations;
4. The Company consistently complies with the financial reporting requirements of the SEC;
5. The External Auditor shall be rotated or changed every five (5) years or earlier, or the signing partner of the External Auditing firm assigned to the Company, should be changed with the same frequency. The Corporate IA Head should submit to the Audit Committee and Management an annual report on the Internal Audit department's activities, responsibilities, and performance relative to the Internal Audit Plan as approved by the Audit and Risk Committee. The annual report should include significant risk exposures, control issues, and such other matters as may be needed or requested by the Board and Management. The Internal Audit Head should certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he does not, the Internal Audit Head shall disclose to the Board and Management the reasons why he has not fully complied with the said documents; and

6. The Board, after consultations with the Audit Committee shall recommend to the Shareholders an External Auditor duly accredited by the SEC who shall undertake an independent audit of the Company, and shall provide an objective assurance on the matter by which the financial statements shall be prepared and presented to the Shareholders.

Internal Audit

The Corporate Internal Audit is focused on delivering its mandate of determining whether the governance, risk management and control processes, as designed and represented by management, are adequate and functioning in a manner that provides reasonable level of confidence that:

1. Employees' actions are compliant with policies, standards, procedures, and applicable laws and regulations;
2. Quality and continuous improvement are fostered in the control processes;
3. Programs, plans, and objectives are achieved;
4. Resources are acquired economically, used efficiently, and protected adequately;
5. Significant financial, managerial, and operating information is accurate, reliable, and timely;
6. Significant key risks are appropriately identified and managed; and
7. Significant legislative or regulatory issues impacting the Company are recognized and properly addressed.

Opportunities for improving management control, profitability and the Company's reputation may be identified during audits.

Other Matters

Audit and Audit-Related Fees

Name of Auditor	Audit Fee	All Other Fees*
SyCip, Gorres, Velayo & Co. and Punongbayan & Araullo	Php7,291,240	Php1,705,000

Note: *All Other Fees pertains to fee paid to auditors for advisory in relation to the adoption of the new accounting standards.

Ownership structure

Holding 5% shareholding or more (as of December 31, 2019)

Shareholder	Number of Shares	Percent	Beneficial Owner
JG Summit Holdings, Inc.	3,166,806,886	60.97%	Same as record owner
PCD Nominee Corporation (Non-Filipino)	1,237,966,568	23.84%	PCD Participants & their clients
PCD Nominee Corporation (Filipino)	763,398,862	14.70%	PCD Participants & their clients

Dealing in securities (changes in shareholdings of directors and key officers)

A. Elected Directors for the calendar year 2019

Name of Director	Number of Direct Shares	% to Total Outstanding Shares
John L. Gokongwei, Jr.+	0	0
James L. Go	2,139,011	0.04%
Lance Y. Gokongwei	805,001	0.02%
Frederick D.Go	986,027	0.02%
Robina Y. Gokongwei-Pe	685,094	0.01%
Patrick Henry C. Go	10,000	0%
Johnson Robert G. Go, Jr.	1	0%
Artemio V. Panganiban	31,718	0%
Roberto F. De Ocampo	1	0%
Emmanuel C. Rojas, Jr.	901	0%
Omar Byron T. Mier	1	0%

B. Elected Officers for the year 2019

Name of Officer	Position/Designation	Number of Direct Shares	% to Total Outstanding Shares
Faraday D. Go	Executive Vice President and Business Unit General Manager	0	0%
Kerwin Max S. Tan	Chief Financial Officer	0	0%
Henry L. Yap	Senior Vice President and Business Unit General Manager	114,182	0%
Arlene G. Magtibay	Senior Vice President and Business Unit General Manager	0	0%
Arthur Gindap	Senior Vice President and Business Unit General Manager	25,373	0%
Ma. Socorro Isabelle V. Aragon-Gobio	Senior Vice President and Business Unit General Manager	0	0%
Corazon L. Ang Ley	Business Unit General Manager	0	0%
Bach Johann M. Sebastian	Senior Vice President and Chief Strategist	0	0%
Anna Katrina C. De Leon	Vice President-Group Controller	0	0%
Emmanuel G. Arce	Vice President	0	0%
Constantino C. Felipe	Vice President	0	0%
Catalina M. Sanchez	Vice President	0	0%
Ernesto B. Aquino	Vice President	0	0%
Sylvia B. Hernandez	Vice President-Treasurer	0	0%
Joanna N. Laiz	Vice President	0	0%
Rosalinda F. Rivera	Corporate Secretary	0	0%
Arlene S. Denzon	Compliance Officer	0	0%
Jericho Go	Senior Vice President and Business Unit General Manager	0	0%
Jonathan Paul P. Balboa	Vice President	0	0%

Dividends

The Board of Directors of the Company approved on May 29, 2019 the declaration of a cash dividend in the amount of FIFTY CENTAVOS (₱0.50) per share from the unrestricted retained earnings of the Corporation as of December 31, 2018, to all stockholders of record as of June 18, 2019 and paid on July 12, 2019.

Company Website

The Company updates the public with operating and financial results through timely disclosures filed with SEC and PSE. These are available on the company's website: <https://www.robinsonsland.com/>

Board of Directors



James L. Go
Chairman Emeritus



Lance Y. Gokongwei
Chairman



Frederick D. Go
President and CEO



Robina Y. Gokongwei-Pe
Director



Patrick Henry C. Go
Director



Johnson Robert G. Go, Jr.
Director



**Chief Justice Artemio V.
Panganiban (Ret.)**
Director



Robert F. De Ocampo
Director



Emmanuel C. Rojas, Jr.
Director



Omar Byron T. Mier
Director



AUDITED FINANCIAL STATEMENTS



ROBINSONS LAND CORPORATION

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

February 28, 2020

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

The management of Robinsons Land Corporation and Subsidiaries is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2019, 2018 and 2017, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Sycip, Gorres, Velayo and Co. (SGV), the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Lance Y. Gokongwei
Chairman

Frederick D. Go
President and Chief Executive Officer

Kerwin Max S. Tan
Chief Financial Officer

SUBSCRIBED AND SWORN to before me
this day **FEB 28 2020** at **Q-City**

Signed this _____ day of _____
Doc. No. 49;
Page No. 10;
Book No. 57;
Series of 2020

ATTY. CONFERENCION P. VILLARERA
Notary Public for Quezon City
Until December 31, 2021
PTR No. 9296041 - 1-2-2020-OC
IBP No. 093506 - 10-22-2019-OC
Roll No. 30457 - 05-10-2019
MCLE V-0012536 - 12-2-2018
Adm. Matter No. NR-8011020-2021)
TIN NO. 101-842709

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
Robinsons Land Corporation
Level 2, Galleria Corporate Center
EDSA corner Ortigas Avenue, Quezon City, Metro Manila

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Robinsons Land Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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



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

Real Estate Revenue Recognition

The Group's revenue recognition process, policies and procedures are significant to our audit because these involve application of significant judgment and estimation in the following areas: (1) assessment of the probability that the entity will collect the consideration from the buyer; (2) determination of the transaction price; (3) application of the input method as the measure of progress in determining real estate revenue; (4) determination of the actual costs incurred as cost of sales; and (5) recognition of cost to obtain a contract.

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

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

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

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

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

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



Audit Response

We obtained an understanding of the Group's revenue recognition process.

For the buyers' equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales collections from buyers with accumulated payments above the collection threshold.

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

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

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

Other Information

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

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

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



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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to



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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Ysmael S. Acosta.

SYCIP GORRES VELAYO & CO.



Ysmael S. Acosta

Partner

CPA Certificate No. 112825

SEC Accreditation No. 1744-A (Group A),

March 14, 2019, valid until March 13, 2022

Tax Identification No. 301-106-775

BIR Accreditation No. 08-001998-130-2018,

February 9, 2018, valid until February 8, 2021

PTR No. 8125201, January 7, 2020, Makati City

February 28, 2020



ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 7, 22, 33 and 34)	₱7,060,438,523	₱2,543,840,827
Receivables (Notes 8, 22, 33 and 34)	3,146,968,482	2,572,371,888
Subdivision land, condominium and residential units for sale (Note 9)	36,062,897,387	31,464,454,298
Contract assets (Notes 10 and 22)	3,007,038,670	4,642,475,062
Other current assets (Notes 11, 33 and 34)	7,501,779,810	11,736,262,913
Total Current Assets	56,779,122,872	52,959,404,988
Noncurrent Assets		
Noncurrent receivables (Notes 8, 22, 33 and 34)	3,677,362,062	1,756,064,862
Noncurrent contract assets (Notes 10 and 22)	7,843,135,383	6,121,887,223
Investment properties (Notes 3 and 12)	103,799,140,203	99,317,095,827
Property and equipment (Note 13)	8,896,623,535	7,844,144,072
Investments in joint ventures (Note 32)	2,350,181,648	1,383,353,670
Right-of-use assets (Notes 3 and 36)	1,171,733,998	-
Other noncurrent assets (Notes 3, 14, 22, 33 and 34)	5,133,910,060	4,776,209,643
Total Noncurrent Assets	132,872,086,889	121,198,755,297
	₱189,651,209,761	₱174,158,160,285
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term loans (Notes 18, 33 and 34)	₱8,491,700,000	₱896,700,000
Accounts payable and accrued expenses (Notes 15, 33, 34 and 36)	14,391,060,544	14,324,566,708
Contract liabilities (Note 16 and 22)	14,184,663,585	12,931,513,843
Deposits and other current liabilities (Notes 17, 22, 33 and 34)	3,091,851,056	2,904,239,770
Income tax payable	1,030,917,681	1,037,345,923
Current portion of loans payable (Notes 18, 33 and 34)	155,000,000	15,000,000
Total Current Liabilities	41,345,192,866	32,109,366,244
Noncurrent Liabilities		
Loans payable - net of current portion (Notes 18, 33 and 34)	34,560,272,176	36,473,539,001
Deferred tax liabilities - net (Note 29)	4,368,107,776	3,580,648,835
Noncurrent contract liabilities (Note 16)	2,958,482,166	2,378,690,953
Deposits and other noncurrent liabilities (Notes 19, 22, 31, 33, 34 and 36)	6,341,484,299	5,696,198,747
Total Noncurrent Liabilities	48,228,346,417	48,129,077,536
Total Liabilities	89,573,539,283	80,238,443,780
Equity		
Equity attributable to equity holders of the Parent Company		
Capital stock (Note 21)	5,193,830,685	5,193,830,685
Additional paid-in capital (Note 21)	39,041,328,236	39,041,328,236
Other equity reserve (Note 21)	-	(87,597,873)
Other comprehensive income:		
Remeasurements of net defined benefit liability - net of tax (Note 31)	(9,766,232)	(36,195,795)
Fair value reserve of financial assets at FVOCI - net of tax (Notes 8 and 34)	86,835,269	8,822,352
Cumulative translation adjustment	41,302,360	74,843,981
Retained earnings (Note 20)		
Unappropriated	28,155,279,155	22,315,570,513
Appropriated	27,000,000,000	27,000,000,000
	99,508,809,473	93,510,602,099
Non-controlling interest	568,861,005	409,114,406
	100,077,670,478	93,919,716,505
	₱189,651,209,761	₱174,158,160,285

See accompanying Notes to Consolidated Financial Statements.



ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017

	Years ended December 31		
	2019	2018	2017
REVENUE (Notes 6 and 23)			
Real Estate Operations			
Rental income (Notes 12, 17, 23 and 36)	₱15,420,499,255	₱13,548,204,208	₱11,581,560,401
Real estate sales (Notes 5 and 23)	9,028,944,073	10,892,384,961	5,973,248,023
Amusement income (Note 23)	2,151,785,393	1,972,527,785	1,802,643,181
Others (Notes 23 and 32)	1,549,966,856	1,163,227,782	1,266,492,267
	28,151,195,577	27,576,344,736	20,623,943,872
Hotel Operations (Note 23)	2,432,639,988	1,982,137,914	1,892,873,758
	30,583,835,565	29,558,482,650	22,516,817,630
COSTS (Notes 6 and 24)			
Real Estate Operations			
Cost of rental services	5,363,923,175	5,072,692,446	4,499,595,017
Cost of real estate sales (Note 9)	4,235,325,163	4,931,427,825	3,143,037,387
Cost of amusement services	956,468,868	906,006,116	820,824,802
Others	1,558,840,833	1,201,585,102	812,417,065
	12,114,558,039	12,111,711,489	9,275,874,271
Hotel Operations (Note 24)	2,089,588,261	1,556,880,775	1,350,512,369
	14,204,146,300	13,668,592,264	10,626,386,640
	16,379,689,265	15,889,890,386	11,890,430,990
GENERAL AND ADMINISTRATIVE EXPENSES (Notes 6 and 25)			
	4,096,793,400	3,996,352,869	3,328,016,547
OPERATING INCOME	12,282,895,865	11,893,537,517	8,562,414,443
OTHER INCOME (LOSSES)			
Interest income (Note 7 and 28)	287,417,657	156,969,192	36,809,915
Gain on sale of property and equipment (Note 13)	560,459	3,361,606	–
Gain from insurance claims	–	22,985,311	28,397,634
Gain (loss) on foreign exchange	1,017,983	2,290,232	(14,019,285)
Loss on deconsolidation (Note 2)	(12,284,783)	–	–
Interest expense (Notes 18, 28 and 36)	(1,052,823,418)	(836,112,262)	(778,194,869)
	(776,112,102)	(650,505,921)	(727,006,605)
INCOME BEFORE INCOME TAX	11,506,783,763	11,243,031,596	7,835,407,838
PROVISION FOR INCOME TAX (Note 29)	2,814,174,005	3,019,067,011	1,950,969,881
NET INCOME	8,692,609,758	8,223,964,585	5,884,437,957
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods			
Cumulative translation adjustment	(33,541,621)	(565,483)	39,079,980
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods			
Remeasurements of net defined benefit liability (Note 31)	50,628,481	39,319,717	96,533,340
Fair value reserve of financial assets at FVOCI (Note 8)	98,843,664	(9,064,944)	–
Income tax effect (Note 29)	(44,841,643)	(9,076,432)	(28,960,002)
	104,630,502	21,178,341	67,573,338
Total Other Comprehensive Income	71,088,881	20,612,858	106,653,318
TOTAL COMPREHENSIVE INCOME	₱8,763,698,639	₱8,244,577,443	₱5,991,091,275

(Forward)



	Years Ended December 31		
	2019	2018	2017
Net Income Attributable to:			
Equity holders of Parent Company	₱8,686,233,159	₱8,216,002,328	₱5,881,150,728
Non-controlling interest in consolidated subsidiaries	6,376,599	7,962,257	3,287,229
	₱8,692,609,758	₱8,223,964,585	₱5,884,437,957
Total Comprehensive Income Attributable to:			
Equity holders of Parent Company	₱8,757,322,040	₱8,236,615,186	₱5,987,804,046
Non-controlling interest in consolidated subsidiaries	6,376,599	7,962,257	3,287,229
	₱8,763,698,639	₱8,244,577,443	₱5,991,091,275
Basic/Diluted Earnings Per Share (Note 30)	₱1.67	₱1.62	₱1.44

See accompanying Notes to Consolidated Financial Statements.



ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017

For the Year Ended December 31, 2019											
Attributable to Equity Holders of the Parent Company											
	Capital Stock (Note 21)	Additional Paid-in Capital (Note 21)	Other Equity Reserve (Note 21)	Remeasurements of Net Defined Benefit Liability (Note 31)	Cumulative Translation Adjustment	Fair value reserve of financial assets at FVOCI (Note 8)	Unappropriated Retained Earnings (Note 20)	Appropriated Retained Earnings (Note 20)	Total	Non-controlling Interest	Total Equity
Balances at January 1, 2019, as previously reported	₱5,193,830,685	₱39,041,328,236	(₱87,597,873)	(₱36,195,795)	₱74,843,981	₱8,822,352	₱22,315,570,513	₱27,000,000,000	₱93,510,602,099	₱409,114,406	₱93,919,716,505
Effect of adoption of new accounting standard (Note 3)	–	–	–	–	–	–	387,988,699	–	387,988,699	–	387,988,699
Balances at January 1, 2019, as restated	5,193,830,685	39,041,328,236	(87,597,873)	(₱36,195,795)	74,843,981	8,822,352	22,703,559,212	27,000,000,000	93,898,590,798	409,114,406	94,307,705,204
Comprehensive income											
Net income	–	–	–	–	–	–	8,686,233,159	–	8,686,233,159	6,376,599	8,692,609,758
Other comprehensive income, net of tax	–	–	–	35,439,937	(33,541,621)	69,190,565	–	–	71,088,881	–	71,088,881
Total comprehensive income	–	–	–	35,439,937	(33,541,621)	69,190,565	8,686,233,159	–	8,757,322,040	6,376,599	8,763,698,639
Reversal of appropriation (Note 20)	–	–	–	–	–	–	27,000,000,000	(27,000,000,000)	–	–	–
Appropriation (Note 20)	–	–	–	–	–	–	(27,000,000,000)	27,000,000,000	–	–	–
Cash dividends (Note 20)	–	–	–	–	–	–	(2,596,915,343)	–	(2,596,915,343)	(5,880,000)	(2,602,795,343)
Property dividends (Notes 2 and 20)	–	–	87,597,873	(188,022)	–	–	(637,597,873)	–	(550,188,022)	–	(550,188,022)
Incorporation of a subsidiary (Notes 2 and 21)	–	–	–	–	–	–	–	–	–	159,250,000	159,250,000
Balances at December 31, 2019	₱5,193,830,685	₱39,041,328,236	₱–	(₱943,880)	₱41,302,360	₱78,012,917	₱28,155,279,155	₱27,000,000,000	₱99,508,809,473	₱568,861,005	₱100,077,670,478

For the Year Ended December 31, 2018												
Attributable to Equity Holders of the Parent Company												
	Capital Stock (Note 21)	Additional Paid-in Capital (Note 21)	Treasury Stock (Note 21)	Other Equity Reserve (Note 21)	Remeasurements of Net Defined Benefit Liability (Note 31)	Cumulative Translation Adjustment	Fair value reserve of financial assets at FVOCI (Notes 8 and 34)	Unappropriated Retained Earnings (Note 20)	Appropriated Retained Earnings (Note 20)	Total	Non-controlling Interest	Total Equity
Balances at January 1, 2018, as previously reported	₱4,111,528,685	₱20,392,532,781	(₱221,834,657)	(₱87,597,873)	(₱63,719,597)	₱75,409,464	₱–	₱18,385,021,808	₱24,500,000,000	₱67,091,340,611	₱281,277,149	₱67,372,617,760
Effect of adoption of new accounting standard (Notes 8 and 23)	–	–	–	–	–	–	15,167,813	84,325,424	–	99,493,237	–	99,493,237
Balances at January 1, 2018, as restated	4,111,528,685	20,392,532,781	(221,834,657)	(87,597,873)	(63,719,597)	75,409,464	15,167,813	18,469,347,232	24,500,000,000	67,190,833,848	281,277,149	67,472,110,997
Comprehensive income												
Net income	–	–	–	–	–	–	–	8,216,002,328	–	8,216,002,328	7,962,257	8,223,964,585
Other comprehensive income, net of tax	–	–	–	–	27,523,802	(565,483)	(6,345,461)	–	–	20,612,858	–	20,612,858
Total comprehensive income	–	–	–	–	27,523,802	(565,483)	(6,345,461)	8,216,002,328	–	8,236,615,186	7,962,257	8,244,577,443
Reversal of appropriation (Note 20)	–	–	–	–	–	–	–	24,500,000,000	(24,500,000,000)	–	–	–
Appropriation (Note 20)	–	–	–	–	–	–	–	(27,000,000,000)	27,000,000,000	–	–	–
Cash dividends (Note 20)	–	–	–	–	–	–	–	(1,869,779,047)	–	(1,869,779,047)	–	(1,869,779,047)
Issuance of capital stock (Note 21)	1,082,302,000	18,648,795,455	221,834,657	–	–	–	–	–	–	19,952,932,112	–	19,952,932,112
Incorporation of a subsidiary (Note 2)	–	–	–	–	–	–	–	–	–	–	120,000,000	120,000,000
Sale of investment in subsidiary	–	–	–	–	–	–	–	–	–	–	(125,000)	(125,000)
Balances at December 31, 2018	₱5,193,830,685	₱39,041,328,236	₱–	(₱87,597,873)	(₱36,195,795)	₱74,843,981	8,822,352	₱22,315,570,513	₱27,000,000,000	₱93,510,602,099	₱409,114,406	₱93,919,716,505



For the Year Ended December 31, 2017

	Attributable to Equity Holders of the Parent Company										Non-controlling Interest	Total Equity
	Capital Stock	Additional Paid-in Capital	Treasury Stock	Other Equity Reserve	Remeasurements of Net Defined Benefit Liability	Cumulative Translation Adjustment	Unappropriated Retained Earnings	Appropriated Retained Earnings	Total			
Balances at January 1, 2017	₱4,111,528,685	₱20,392,532,781	(₱221,834,657)	(₱87,597,873)	(₱131,292,935)	₱36,329,484	₱22,477,650,126	₱16,000,000,000	₱62,577,315,611		₱277,989,920	₱62,855,305,531
Comprehensive income												
Net income	-	-	-	-	-	-	5,881,150,728	-	5,881,150,728		3,287,229	5,884,437,957
Other comprehensive income	-	-	-	-	67,573,338	39,079,980	-	-	106,653,318		-	106,653,318
Total comprehensive income	-	-	-	-	67,573,338	39,079,980	5,881,150,728	-	5,987,804,046		3,287,229	5,991,091,275
Reversal of appropriation (Note 20)	-	-	-	-	-	-	16,000,000,000	(16,000,000,000)	-		-	-
Appropriation (Note 20)	-	-	-	-	-	-	(24,500,000,000)	24,500,000,000	-		-	-
Cash dividends (Note 20)	-	-	-	-	-	-	(1,473,779,046)	-	(1,473,779,046)		-	(1,473,779,046)
Balances at December 31, 2017	₱4,111,528,685	₱20,392,532,781	(₱221,834,657)	(₱87,597,873)	(₱63,719,597)	₱75,409,464	₱18,385,021,808	₱24,500,000,000	₱67,091,340,611		₱281,277,149	₱67,372,617,760

See accompanying Notes to Consolidated Financial Statements.



ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017

	Years Ended December 31		
	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱11,506,783,763	₱11,243,031,596	₱7,835,407,838
Adjustments for:			
Depreciation (Notes 12, 13, 24 and 26)	4,910,281,126	4,456,732,645	3,914,114,101
Interest expense (Notes 18 and 28)	907,257,726	836,112,262	778,194,869
Interest expense on lease liabilities (Note 36)	145,565,692	–	–
Accretion expense on security deposits (Notes 17 and 24)	76,293,508	72,906,097	56,147,861
Net movement in pension liabilities (Note 31)	62,844,354	27,988,636	38,986,245
Amortization of ROU assets (Note 36)	56,264,289	–	–
Loss on deconsolidation (Note 2)	12,284,783	–	–
Gain on sale of property and equipment (Note 13)	(560,459)	(3,361,606)	–
Equity in net earnings (loss) of joint ventures (Note 32)	(68,305,994)	26,148,678	–
Interest income (Notes 7 and 28)	(610,196,621)	(1,138,588,624)	(1,751,369,198)
Operating income before working capital changes	16,998,512,167	15,520,969,684	10,871,481,716
Decrease (increase) in:			
Receivables – trade	(1,015,408,456)	(5,585,120,862)	(660,448,292)
Subdivision land, condominium and residential units for sale (inclusive of capitalized borrowing cost)	(4,487,851,099)	(936,663,342)	(1,705,159,967)
Other current assets	5,696,776,754	(7,413,440,340)	(986,266,081)
Increase (decrease) in:			
Accounts payable and accrued expenses and other noncurrent liabilities	(40,801,337)	(1,255,001,726)	6,611,699,733
Customers' deposits	2,887,232,775	13,822,253,016	634,837,173
Cash generated from operations	20,038,460,804	14,152,996,430	14,766,144,282
Interest received from installment contract receivables (Note 23)	322,778,964	942,301,995	1,714,559,283
Income tax paid	(2,231,008,815)	(1,805,290,477)	(2,081,859,182)
Net cash flows provided by operating activities	18,130,230,953	13,290,007,948	14,398,844,383
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received from cash and short-term investments	283,605,870	77,230,423	18,441,353
Decrease (increase) in:			
Receivables from affiliated companies (Notes 8 and 22)	(1,148,150,529)	(184,215,751)	(5,276,611)
Advances to suppliers and contractors (Notes 11 and 14)	(583,995,374)	57,145,969	522,468,189
Other noncurrent assets	30,353,916	86,550,417	(301,116,636)
Advances to lot owners (Notes 11 and 14)	(1,808,458,201)	(1,603,678,636)	(681,303,655)
Additions to:			
Investment properties (inclusive of capitalized borrowing cost) (Note 12)	(9,679,041,704)	(11,479,665,291)	(22,110,417,355)
Property and equipment (Note 13)	(1,788,359,350)	(1,965,253,586)	(1,898,020,108)
Investments in joint ventures (Note 32)	(1,124,368,855)	(2,400,000,000)	–
Proceeds from:			
Noncontrolling interest for newly incorporated subsidiary	159,250,000	120,000,000	–
Disposal of property and equipment	560,459	3,361,606	–
Disposal of investment in subsidiary	–	56,079,593	–
Net cash flows used in investing activities	(15,658,603,768)	(17,232,445,256)	(24,455,224,823)

(Forward)



	Years Ended December 31		
	2019	2018	2017
CASH FLOWS FROM FINANCING ACTIVITIES (Note 37)			
Proceeds from availment of:			
Short-term loans (Note 18)	₱8,491,700,000	₱896,700,000	₱15,693,400,000
Stock rights offering	-	20,020,000,000	-
Loans payable (Note 18)	-	1,192,801,668	12,340,263,710
Sale of lease-to-own receivables	-	1,135,920,631	901,570,286
Payments of:			
Cash dividends (Notes 15 and 20)	(2,602,812,061)	(1,867,464,936)	(1,448,810,138)
Loans payable (Note 18)	(1,806,127,328)	(396,938,050)	(10,000,000)
Interests on loans	(908,519,293)	(853,111,456)	(764,240,887)
Interests on lease liabilities	(38,218,003)	-	-
Short-term loans (Note 18)	(896,700,000)	(15,693,400,000)	(16,010,000,000)
Principal portion of lease liabilities	(98,488,847)	-	-
Stock issuance cost (Note 21)	-	(67,067,888)	-
Debt issue cost (Note 18)	-	-	(57,500,000)
Increase (decrease) in payable to affiliated companies and other noncurrent liabilities (Note 17)	(95,863,957)	43,383,643	50,941,415
Net cash flows provided by financing activities	2,044,970,511	4,410,823,612	10,695,624,386
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,516,597,696	468,386,304	639,243,946
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,543,840,827	2,075,454,523	1,436,210,577
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	₱7,060,438,523	₱2,543,840,827	₱2,075,454,523

See accompanying Notes to Consolidated Financial Statements.



ROBINSONS LAND CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

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

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

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

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

The consolidated financial statements as of December 31, 2019 and 2018 and for the years ended December 31, 2019, 2018 and 2017 were authorized for issue by the Parent Company’s board of directors (BOD) on February 28, 2020.

2. Basis of Preparation

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

Statement of Compliance

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

- a. Exclusion of land in the determination of percentage of completion (POC) discussed in Philippine Interpretations Committee (PIC) Q&A No. 2018-12-E
- b. Accounting for significant financing component discussed in PIC Q&A No. 2018-12-D
- c. Accounting to Common Usage Service Area (CUSA) Charges discussed in PIC Q&A No. 2018-12-H
- d. Adoption of PIC Q&A No. 2018-14: PFRS 15 – Accounting for Cancellation of Real Estate Sales
- e. Implementation of International Financial Reporting Standards (IFRS) Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (Philippine Accounting Standards 23, *Borrowing Cost*) for Real Estate industry

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



Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group as of December 31, 2019 and 2018 and for the years ended December 31, 2019, 2018 and 2017.

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

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

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

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

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

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

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

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

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



A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

The consolidated financial statements include the financial statements of the Parent Company and the following subsidiaries as of December 31, 2019, 2018 and 2017:

	Country of Incorporation	Effective Percentage of Ownership		
		2019	2018	2017
Robinson's Inn Inc.	Philippines	100%	100%	100%
Robinsons Realty and Management Corp.	Philippines	100%	100%	100%
Robinsons Properties Marketing and Management Corp.	Philippines	100%	100%	100%
Manhattan Buildings and Management Corp.	Philippines	100%	100%	100%
Robinson's Land (Cayman), Ltd.	Cayman Islands	100%	100%	100%
Altus Mall Ventures, Inc.	Philippines	100%	100%	100%
Bonifacio Property Ventures, Inc.	Philippines	100%	100%	—
Bacoor R and F Land Corporation (BRFLC)	Philippines	70%	70%	—
Altus Angeles, Inc. (AAI)	Philippines	51%	51%	51%
GoHotels Davao, Inc. (GDI)	Philippines	51%	51%	51%
RLC Resources Ltd. (RLCRL)	British Virgin Island	100%	100%	100%
Land Century Holdings Ltd. (LCHL)	Hong Kong	100%	100%	100%
World Century Enterprise Ltd. (WCEL)	Hong Kong	100%	100%	100%
First Capital Development Ltd. (First Capital)	Hong Kong	100%	100%	100%
Chengdu Xin Yao Real Estate Development, Co. Ltd. (Chengdu Xin Yao)	China	100%	100%	100%
RLGB Land Corporation (RLGB)	Philippines	51%	—	—
Altus Property Ventures, Inc. (formerly Altus San Nicolas Corporation) (APVI)	Philippines	—	100%	100%
Lingkod Pinoy Bus Liner, Inc. (LPBLI)	Philippines	—	—	80%

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

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

On April 20, 2018, the BOD approved the sale of the Parent Company's 80% share in Lingkod Pinoy Bus Liner, Inc. (LPBLI) for ₱56 million to Gran Cruiser Bus Corp.

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

On December 21, 2018, Bonifacio Property Ventures, Inc. (BPVI) was incorporated for the primary purpose to acquire by purchase, lease, donation or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop and hold for investment or otherwise, real estate



of all kinds, whether improve, manage or otherwise dispose of buildings, houses, apartments and other real estate and/or structures of whatever kind, together with their appurtenances. The Parent Company owns 100% of the subscribed capital stock of BPVI.

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

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

The Receiving Shareholders received a ratio of one (1) share of APVI for every fifty-one and 9384/10000 (51.9384) shares of the Parent Company, net of applicable final withholding tax. No fractional shares were issued and no shareholder was entitled to any fractional shares. The fair value of the APVI shares is P10.10 per share, based on the Valuation and Fairness Opinion rendered by an independent advisor.

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

Voting rights held by non-controlling interests on AAI, GDI, BRFLC, and RLGB are equivalent to 49%, 49%, 30% and 49%, respectively. As of December 31, 2019 and 2018, the Group does not consider these subsidiaries as having material non-controlling interest that would require additional disclosures.

3. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of following new and amended PFRSs which became effective January 1, 2019.

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

- PFRS 16, *Leases*

PFRS 16 supersedes PAS 17, *Leases*, Philippine Interpretation IFRIC 4, *Determining whether an Arrangement contains a Lease*, Philippine Interpretation SIC-15, *Operating Leases-Incentives* and Philippine Interpretation SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the balance sheet.



Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases. Therefore, PFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted PFRS 16 using the modified retrospective approach upon adoption of PFRS 16 in 2019 and elects to apply the standard to contracts that were previously identified as leases applying PAS 17 and Philippine Interpretation IFRIC 4. The Group will therefore not apply the standard to contracts that were not previously identified as containing a lease applying PAS 17 and Philippine Interpretation IFRIC 4.

The increase (decrease) in the relevant accounts as a result of the adoption of PFRS 16 as at January 1, 2019 is as follows:

	Increase (decrease)
<u>Consolidated statement of financial position:</u>	
Right-of-use assets (Note 36)	₱1,227,998,287
Investment properties	(29,922,064)
Other noncurrent assets	(344,592,257)
Deferred tax assets	81,607,728
	<u>₱935,091,694</u>
Accounts payable and accrued expenses	(₱1,606,837,416)
Lease liabilities (Note 36)	1,888,807,393
Deferred tax liabilities	265,133,018
	547,102,995
Retained earnings	387,988,699
	<u>₱935,091,694</u>

The Group has lease contracts for various items of investment properties. Before the adoption of PFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Refer to Note 4 for the accounting policy prior to January 1, 2019.

Upon adoption of PFRS 16, the Group applied a single recognition and measurement approach for all leases. Refer to Note 4 for the accounting policy beginning January 1, 2019.

Leases previously accounted for as operating leases

The Group recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for some leases were recognized based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.



The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Based on the above, as at January 1, 2019:

- Right-of-use assets of ₱1,228 million were recognized and presented separately in the consolidated statement of financial position.
- Investment properties decreased by ₱30 million because of the adjustment on the depreciation of property.
- Additional lease liabilities of ₱1,889 million were recognized.
- Prepayments under Other noncurrent assets amounting to ₱345 million and accrued rent under Accounts payable and accrued expenses amounting to ₱1,607 related to previous operating leases arising from straight lining under PAS 17 were derecognized.
- Deferred tax liabilities - net increased by ₱184 million because of the deferred tax impact of the changes in assets and liabilities.
- The net effect of these adjustments had been adjusted to retained earnings ₱387 million.

The lease liability as at January 1, 2019 can be reconciled to the operating lease commitments as of December 31, 2018 follows:

Operating lease commitments as at December 31, 2018	₱6,670,839,319
Weighted average incremental borrowing rate at January 1, 2019	7.102-7.566%
<u>Lease liabilities recognized at January 1, 2019</u>	<u>₱1,888,807,393</u>

Due to the adoption of PFRS 16, the Group's operating profit in 2019 will improve, while its interest expense will increase. This is due to the change in the accounting for rent expense related to leases that were classified as operating leases under PAS 17.

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

Under PFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest (SPPI) on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

These amendments do not have any impact on the Group's consolidated financial statements.



- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*

The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after January 1, 2019, with early application permitted.

The Group has amended its retirement plan during the year and accordingly, applied this amendment. The application of this amendment did not have significant impact on the Group's consolidated financial statements.

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

The amendments clarify that an entity applies PFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in PFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying PFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying PAS 28, *Investments in Associates and Joint Ventures*.

Since the Group accounts for its investments in joint ventures through the equity method, the amendment does not have any impact on its consolidated financial statements.



- Philippine Interpretation IFRIC 23, *Uncertainty over Income Tax Treatments*

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12 and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The entity is required to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and use the approach that better predicts the resolution of the uncertainty. The entity shall assume that the taxation authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If an entity concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of the uncertainty for each uncertain tax treatment using the method the entity expects to better predict the resolution of the uncertainty.

Based on the Group's assessment, it has no material uncertain tax treatments, accordingly, the adoption of this Interpretation has no significant impact on the consolidated financial statements.

- Annual Improvements to PFRSs 2015-2017 Cycle
 - Amendments to PFRS 3, *Business Combinations*, and PFRS 11, *Joint Arrangements*, *Previously Held Interest in a Joint Operation*

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in PFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted.

These amendments are currently not applicable to the Group but may apply to future transactions.



- Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application is permitted. These amendments are not relevant to the Group because dividends declared by the Group do not give rise to tax obligations under the current tax laws.

- Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted.

The amendment does not have significant impact on the consolidated financial statements.

Standards Issued but not yet Effective

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

Effective beginning on or after January 1, 2020

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

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

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

These amendments will apply on future business combinations of the Group.



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

The amendments 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.

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

Effective beginning on or after January 1, 2021

- PFRS 17, *Insurance Contracts*

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

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

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

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

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

Deferred effectivity

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

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



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

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

In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under par. 35(c) of IFRS 15. IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under IAS 23 considering that these inventories are ready for their intended sale in their current condition.

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

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

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

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

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

4. Summary of Significant Accounting Policies

Revenue and Cost Recognition

Revenue Recognition effective January 1, 2018

Revenue from Contract with Customers

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



that it is the principal in its revenue arrangements, except for the provisioning of water, electricity, and common use service area in its mall retail spaces, wherein it is acting as agent.

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

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

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

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

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

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as residential and development receivables, under trade receivables, is included in the "contract asset" account in the asset section of the consolidated statement of financial position.

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

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

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

Real estate sales – China Operations

Taking into account the contract terms per house purchase and sales contract, Chengdu Xin Yao's business practice and the legal and regulatory environment in China, most of the property sales contracts in China do not meet the criteria for recognizing revenue over time and therefore, revenue from property sales continues to be recognized at a point in time, while some property sales contracts meet the criteria for recognizing revenue over time as the properties have no alternative use to the Group due to contractual reasons and the Group has an enforceable right to payment from customer for performance completed to date. Under PFRS 15, revenue from property sales is generally



recognized when the property is accepted by the customer, or deemed as accepted according to the contract, whichever is earlier, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property.

Rental income

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

Amusement income

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

Revenue from hotel operations

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

Interest income

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

Other income

Other income is recognized when earned.

Costs Recognition

Cost Recognition effective January 1, 2018

Cost of Real Estate Sales

The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as land and connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

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

Contract Balances

Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).



Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

In September 2019, the PIC issued additional guidance to the real estate industry on the implementation of PFRS 15, including guidance on the recording of the difference between the consideration received from the customer and the transferred goods to the customer (i.e., measured based on percentage-of-completion). The PIC allowed real estate companies to recognize the difference as either a contract asset or unbilled receivable. If presented as a contract asset, the disclosures required under PFRS 15 should be complied with. Otherwise, the disclosures required under PFRS 9 should be provided.

The Group opted to retain its existing policy of recording the difference between the consideration received from the customer and the transferred goods to the customer as contract asset.

Contract liabilities

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

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

Costs to obtain contract

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

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

Contract fulfillment assets

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

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



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

Amortization, derecognition and impairment of capitalized costs to obtain a contract

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

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

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

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

Revenue Recognition prior to January 1, 2018

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received.

Revenue is measured at the consideration received or receivable, taking into the account contractually defined terms of payment and excluding taxes or duty.

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

Real estate sales

Revenue from sales of real estate and cost from completed projects is accounted for using the percentage of completion (POC). In accordance with Philippine Interpretations Committee (PIC) Q&A No. 2006-1, the POC is used to recognize income from sales of projects where the Group has material obligations under the sales contract to complete the project after the property is sold, the equitable interest has been transferred to buyer and the costs incurred or to be incurred can be measured reliably. Under the POC method, revenue is recognized as the related obligations are fulfilled, measured principally on the basis of the estimated completion by reference to the actual costs incurred to date over the estimated total costs of project.

Revenue recognition commences when the construction is beyond preliminary stage (i.e., engineering, design work, construction contracts execution, site clearance and preparation, excavation and the building foundation are finished), and the required buyer's equity is met. Buyer's equity represents the percentage of collection over the total selling price that the buyer has paid the Group and it is at this collection level that the Group assesses that it is probable that the economic benefits will flow to the Group because of certainty of collection of the remaining balance of the



selling price. This gives the buyer, a stake in the property, the level of which is sufficient enough to mitigate the risks of loss through default which would motivate the buyer to honor its obligations to the Group.

If any of the criteria under the 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 from real estate buyers” account which is shown as part of the “Deposits and other current liabilities” and “Deposits and other noncurrent liabilities” account in the liabilities section of the consolidated statement of financial position.

Penalties are recognized as income when cash is received and forfeitures from cancelled sales and reservation fees are recognized as income when the cancellation of sales and reservation fees of buyers has been determined and established.

Amusement income

Revenue is recognized upon rendering of services.

Rental income

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

Revenue from hotel operations

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

Interest income

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

Other income

Other income is recognized when earned.

Cost Recognition prior January 1, 2018

Cost of Real Estate Sales

Cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of subdivision land and condominium units and residential units sold before the completion of the development is determined on the basis of the acquisition cost of the land and its full development costs, which include estimated costs for future development works, as determined by the Group’s in-house technical team.

The cost of inventory recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property, allocated to saleable area based on relative size and takes into account the percentage of completion used for revenue recognition purposes.



Commission Expense

The Group recognizes commission expense when services are rendered by the broker and agent. Commission expense is recognized upon receipt of certain level of payment from the buyer comprising a substantial portion of the contract price and the capacity to pay and credit worthiness of buyers have been reasonably established for sales of real estate.

Cost Recognition prior to and effective January 1, 2018

Costs and General and Administrative Expense

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

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

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

Leases

Group as a Lessee effective January 1, 2019

The Group assesses whether a contract is, or contains a lease, at the inception of a contract. This assessment involves the exercise of judgment about whether it depends on a specified asset, whether the Group obtains substantially all the economic benefits from the use of the asset, whether the Group has the right to direct the use of the asset. The Group recognizes a right-of-use (ROU) asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases and leases of low-value assets.

Right-of-use assets

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

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



Lease liabilities

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

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

Group as a Lessee prior to January 1, 2019

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception date, and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets, and the arrangement conveys a right to use the asset.

A reassessment is made after inception of the lease only if one of the following applies:

- a. there is a change in contractual terms, other than a renewal or extension of the arrangement;
- b. a renewal option is exercised or an extension granted, unless that term of the renewal or extension was initially included in the lease term;
- c. there is a change in the determination of whether fulfillment is dependent on a specified asset; or
- d. there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios a, c or d above, and at the date of renewal or extension period for scenario b.

Group as a lessee

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense under “Cost of sales and services” and “General administrative expenses” in profit or loss in the consolidated statement of comprehensive income on a straight-line basis over the lease term.

Group as a lessor (applicable to all periods)

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



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

Fair Value Measurement

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

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

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

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

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

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

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

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

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

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



Current and Noncurrent Classification

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

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

All other assets are classified as noncurrent.

A liability is current when:

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

The Group classifies all other liabilities as noncurrent.

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

Cash and Cash Equivalents

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

Financial Instruments - Initial Recognition and Subsequent Recognition effective January 1, 2018

Initial recognition and measurement

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

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

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

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



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

Subsequent measurement

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

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

Financial assets at amortized cost (debt instruments)

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

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

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

As of December 31, 2019 and 2018, the Group's financial assets at amortized cost include cash and cash equivalents, receivables (except for receivables from lease-to-own arrangements), restricted cash under "Other current assets" and refundable utility deposits under "Other current and noncurrent assets".

Financial assets at fair value through OCI (debt instruments)

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

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

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

As of December 31, 2019 and 2018, the Group's debt instruments at fair value through OCI include receivables from lease-to-own arrangements under Receivables.



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

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

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

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

Financial assets at fair value through profit or loss

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

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

As of December 31, 2019 and 2018, the Group does not have financial assets at fair value through profit or loss.

Derecognition

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated



liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

Impairment of Financial Assets

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

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

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

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

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

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

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



Determining the stage for impairment

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

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

Write-off of financial assets

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

Financial Liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

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

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



As of December 31, 2019 and 2018, the Group's financial liabilities under this category include accounts payable and accrued expenses (except statutory liabilities), short-term loans, loans payable, and payable to affiliated companies and deposits from lessees which are both included under "Deposit and other current liabilities" and "Deposit and other noncurrent liabilities".

Derecognition

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

Debt Issue Costs

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

Customers' Deposits

Deposits from lessees

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

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

Offsetting of Financial Instruments

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

Financial Instruments – initial recognition and subsequent measurement prior to January 1, 2018

Financial Instruments

'Day 1' difference

Where the transaction price in a non-active market is different to the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in the consolidated statement of comprehensive income unless it qualifies for recognition as some other type of asset or liability.

In cases where variables used is made of data which is not observable, the difference between the transaction price and model value is only recognized in the consolidated statement of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.



Impairment of Financial Assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred ‘loss event’), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset’s original EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in the consolidated statement of comprehensive income. Interest income (recorded as finance income in the statement of profit or (loss) continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

Derecognition

Financial Assets

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

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



When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

Debt Issue Costs

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

Subdivision Land, Condominium and Residential Units for Sale

Subdivision land, condominium and residential units for sale in the ordinary course of business are carried at the lower of cost and net realizable value (NRV). Cost includes land costs, costs incurred for development and improvement of the properties (i.e., planning and design costs, costs of site preparation, contractor's fees and other professional fees, property transfer taxes, construction overheads and other related costs) and borrowing costs on loans directly attributable to the projects which were capitalized during construction.

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

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

Prepaid Expenses

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

Advances to Contractors and Suppliers, Advances to Lot Owners

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

Value-added Tax (VAT)

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

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

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



Investment Properties

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

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

	Years
Buildings	20 - 30
Building improvements	10
Land improvements	10

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

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

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

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

Investment Properties – Land held for future development

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

Land held for future development are derecognized when either they have been disposed of or when the land is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of land held for future development is recognized in the profit and loss in the period of retirement or disposal.



Property and Equipment

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

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

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

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

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

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

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

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

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

Impairment of Nonfinancial Assets

The Group assesses at each reporting date whether there is an indication that the Group's land held for future development, investment properties, right-of-use assets, property and equipment, investment in joint ventures and other noncurrent assets may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of an asset's or cash-generating unit's fair value less cost to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.



Where the carrying amount of an asset exceeds the recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

Impairment losses of continuing operations are recognized in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If any such indication exists, the Group makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to the recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the assets in prior periods, such reversal is recognized in the consolidated statement of comprehensive income.

Borrowing costs

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

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

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

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

Equity

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

When the shares are sold at premium, the difference between the proceeds at the par value is credited to "Additional paid-in capital" account. Direct costs incurred related to equity issuance are chargeable to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings.



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

Treasury Stock

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

Other equity reserve

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

Income Taxes

Current income tax

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

Deferred income tax

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

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

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss



- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow all as part of the deferred tax and to be recovered. The Group does not recognize deferred income tax assets that will reverse during the income tax holiday (ITH).

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred income tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

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

Pension Expense

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

Defined benefit costs comprise the following:

- Service costs
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

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

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



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

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

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

Termination benefit

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

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

Employee leave entitlement

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

Joint Operation

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

Investments in Joint Ventures

Investments in joint ventures (investee companies) are accounted for under the equity method of accounting. A joint arrangement is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a joint venture is a joint arrangement that involves the establishment of a separate entity in which each venturer has an interest.



An investment is accounted for using the equity method from the day it becomes a joint venture. On acquisition of investment, the excess of the cost of investment over the investor's share in the net fair value of the investee's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill and included in the carrying amount of the investment and not amortized. Any excess of the investor's share of the net fair value of the investee's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment, and 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 statement of financial position at cost plus post-acquisition changes in the Group's share in the net assets of the investee companies, less any impairment in values. The consolidated statements of comprehensive income reflects the share of the results of the operations of the investee companies. The Group's share of post-acquisition movements in the investee's equity reserves is recognized directly in equity. Profits and losses resulting from transactions between the Group and the investee companies are eliminated to the extent of the interest in the investee companies and for unrealized losses to the extent that there is no evidence of impairment of the asset transferred.

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.

Foreign currencies

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

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

Transactions and balances

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



Translation for consolidation

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

Earnings Per Share (EPS)

Basic EPS is calculated by dividing net income attributable to equity holders of the Parent Company by the weighted average number of common shares outstanding during the year. Diluted EPS is computed by dividing net income attributable to equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the period after giving effect to assumed conversion of potential common shares.

Operating Segment

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and services and serves different markets. Financial information on business segments is presented in Note 6 to the consolidated financial statements.

Provisions

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

Contingencies

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

Events After the Reporting Date

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



5. Significant Accounting Judgments and Estimates

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

The effects of any change in judgments and estimates are reflected in the consolidated financial statements, as they become reasonably determinable.

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

Judgments

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

Real estate revenue recognition upon adoption of PFRS 15

Identifying performance obligation

In 2018, the Parent Company entered into a contract to sell covering a land upon which, site preparation will be performed prior to turnover to the buyer. The Group concluded that the revenue and cost of real estate sales should be recorded upon completion of the site preparation activities as specifically stated in the contract to sell, which is at a point in time, since there is only one performance obligation (i.e., developed land) and the Parent Company does not have a right to demand payment for work performed to date from the buyer (see Notes 22 and 32).

In 2018, the Parent Company entered into a contract to sell covering raw land. The Group concluded that there is one performance obligation in this contract, the raw land. Revenue and cost of real estate sales should be recorded upon delivery of the raw land to the buyer which is at a point in time (see Notes 22 and 32).

Revenue recognition method and measure of progress

For the revenue from real estate sales in the Philippines, the Group concluded that revenue is to be recognized over time because (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date.

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



Principal versus agent considerations

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

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

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

Revenue and cost recognition effective January 1, 2018

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

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

In July 2018, Chengdu Xin Yao secured the license to sell the condominium units in Phase 1 of its residential development in Chengdu Xin Yao Ban Bian Jie. As of December 31, 2019 and 2018, the deposits received from buyers amounted to ₱9,119 million and ₱8,208 million, respectively.

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



Revenue and cost recognition on real estate sales – prior to January 1, 2018

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

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

The Group has set a certain percentage of collection over the total selling price in determining buyer's commitment on the sale. It is when the buyer's investment is considered adequate to meet the probability criteria that economic benefits will flow to the Group.

Definition of default and credit-impaired financial assets – effective January 1, 2018

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

Quantitative criteria – for installment contract 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.

Joint Control

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

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

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

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to renew the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group did not include the option to renew nor the option to terminate the lease in the lease term as the Group assessed that it is not reasonably certain that these options will be exercised.

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

The Group has entered into lease contracts to develop commercial or office properties on the leased land premises. Based on an evaluation of the terms and conditions of the arrangements, all the risks and benefits incidental to ownership of the leased land are not transferred to the Group. In determining significant risks and benefits of ownership, the Group considered, among others, that there is no transfer of ownership of the asset to the lessee by the end of the lease term (see Note 36).

Operating lease commitments - Group as lessor

The Group has entered into commercial and office property leases on its investment properties portfolio. Based on an evaluation of the terms and conditions of the arrangements, the Group has determined that it retains all the significant risks and rewards of ownership of these properties and accounts for them as operating leases. In determining significant risks and benefits of ownership, the Group considered, among others, the significance of the lease term as compared with the EUL of the related asset.

A number of the Group's operating lease contracts are accounted for as noncancellable operating leases and the rest are cancellable. In determining whether a lease contract is cancellable or not, the Group considers, among others, the significance of the penalty, including the economic consequence to the lessee (see Note 36).



Finance lease commitments - Group as lessor

The Group has entered into property leases on some of its real estate condominium unit property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, particularly the bargain purchase option and minimum lease payments that the Group has transferred all the significant risks and rewards of ownership of these properties to the lessee and accounts for them as finance leases (see Note 36).

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

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

Contingencies

The Group is currently involved in various legal proceedings and tax assessments. The estimate of the probable costs for the resolution of these claims has been developed in consultation with the internal and external counsel handling the defense on these matters and is based upon an analysis and judgment of potential results by the management. The Group currently does not believe these proceedings will have a material effect on the Group's financial position. It is possible, that future results of operations could be materially affected by changes in the judgement or in the effectiveness of the strategies relating to these proceedings (see Note 36).

Estimates

The key estimates concerning the future and other key sources of estimation uncertainty at the reporting date that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

Revenue and cost recognition

The Group's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue and costs. The Group's revenue and cost from real estate where performance obligation is satisfied over time and recognized based on the percentage of completion is measured principally on the basis of the estimated completion by reference to the actual costs incurred to date over the estimated total costs of the project. For the years ended December 31, 2019, 2018 and 2017, the real estate sales recognized over time amounted to ₱8,708 million, ₱8,345 million and ₱5,973 million, respectively, while the related cost of real estate sales amounted to ₱4,150 million, ₱4,533 million and ₱3,143 million, respectively.

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

Evaluation of net realizable value of real estate inventories

The Group adjusts the cost of its real estate inventories to net realizable value based on its assessment of the recoverability of the inventories. NRV for completed real estate inventories is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group in light of recent market transactions. NRV in respect of real estate inventories under construction is assessed with reference to market prices at the reporting date for similar completed



property, less estimated costs to complete construction and less estimated costs to sell. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

As of December 31, 2019 and 2018, the Group's subdivision land, condominium and residential units for sale amounted to ₱36,063 million and ₱31,464 million, respectively (see Note 9).

Recognition of deferred tax assets

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences can be utilized. Significant management estimate is required to determine the amount of deferred tax asset that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning. Deferred tax assets recognized as of December 31, 2019 and 2018 amounted to ₱858 million and ₱881 million, respectively (see Note 29).

The Group has deductible temporary difference that is available for offset against taxable income or tax payable which deferred tax asset has not been recognized. This pertains to NOLCO of subsidiaries amounting to ₱9 million and ₱3 million as of December 31, 2019 and 2018, respectively. The related deferred tax assets amounted to ₱3 million and ₱1 million as of December 31, 2019 and 2018 (see Note 29).

Provision for expected credit losses of trade receivables and contract assets

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

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

The carrying value of trade receivables as of December 31, 2019 and 2018 amounted to ₱4,717 million and ₱3,904 million, respectively (see Note 8). The carrying value of contract assets as of December 31, 2019 and 2018 amounted to ₱10,850 million and ₱10,764 million, respectively (see Note 10)



Fair value of financial instruments

When the fair values of financial assets and financial liabilities recorded or disclosed in the consolidated statement of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility and correlation. Certain financial assets and liabilities were initially recorded at their fair values by using the discounted cash flow methodology.

Estimation of useful lives of property and equipment and investment properties

The Group estimates the useful lives of its depreciable property and equipment and investment properties based on the period over which the assets are expected to be available for use. The EUL of the said depreciable assets are reviewed at least annually and are updated, if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the EUL of the depreciable property and equipment and investment properties would increase depreciation expense and decrease noncurrent assets.

The carrying value of depreciable property and equipment as of December 31, 2019 and 2018 amounted to ₱8,897 million and ₱7,844 million, respectively (see Note 13). The carrying value of depreciable investment property as of December 31, 2019 and 2018 amounted to ₱58,717 million and ₱54,957 million, respectively (see Note 12)

Impairment of nonfinancial assets

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

- Significant changes in asset usage;
- Significant decline in assets' market value;
- Obsolescence or physical damage of an asset;
- Significant underperformance relative to expected historical or projected future operating results; and
- Significant negative industry or economic trends.

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



The carrying values of the Group's nonfinancial assets as of December 31, 2019 and 2018 are disclosed below. No impairment was recognized for the Group's nonfinancial assets.

	2019	2018
Investment properties (Note 12)	₱103,799,140,203	₱99,317,095,827
Property and equipment (Note 13)	8,896,623,535	7,844,144,072
Other noncurrent assets (Note 14)	4,297,855,641	3,983,978,634
Investment in joint venture (Note 32)	2,350,181,648	1,383,353,670
Right-of-use asset (Note 36)	1,171,733,998	—
	₱120,515,535,025	₱112,528,572,203

Pension cost

The determination of the obligation and cost of pension benefits is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions include, among others, discount rates and salary increase rates (see Note 31).

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

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

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

As of December 31, 2019 and 2018, the Group's net pension liabilities amounted to ₱361 million and ₱325 million, respectively (see Note 31).

Leases - Estimating the incremental borrowing rate

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

The Group's lease liabilities amounted to ₱1,936 million as of December 31, 2019 (see Note 36).



6. Operating Segments

Business Segments

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

Management monitors the operating results of its operating segments separately for the purpose of making decision about resource allocation and performance assessment. Group financing (including interest income and interest expense) and income taxes are managed on a group basis and are not allocated to operating segments. The Group evaluates performance based on earnings before interest, income tax, depreciation and other income (losses) (EBITDA). The Group does not report its results based on geographical segments because the Group currently only has revenue generating activities in the Philippines as revenue recognition from the real estate development in China will commence upon completion of development activities and when the property is accepted by the customer or deemed as accepted according to the contract.

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

Cost and expenses exclude interest, taxes and depreciation.

The Group derives its revenue from the following reportable units:

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

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

Office Buildings Division - develops and leases out office spaces.

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

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

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

	2019						Consolidated
	Commercial Centers Division	Residential Division	Office Buildings Division	Hotels and Resorts Division	Industrial and Integrated Developments	Intersegment Eliminating Adjustments	
Revenue							
Segment revenue:							
Revenues from contracts with customers	₱2,151,785,393	₱8,708,003,578	₱-	₱2,432,639,988	₱320,940,495	₱-	₱13,613,369,454
Rental income	10,812,598,105	100,976,731	4,369,279,039	-	137,645,380	-	15,420,499,255
Other income	284,687,409	318,779,532	946,142,007	-	357,908	-	1,549,966,856
Intersegment revenue	43,217,951	-	496,000	2,537,052	-	(46,251,003)	-
Total Revenue	13,292,288,858	9,127,759,841	5,315,917,046	2,435,177,040	458,943,783	(46,251,003)	30,583,835,565

(Forward)



2019							
	Commercial Centers Division	Residential Division	Office Buildings Division	Hotels and Resorts Division	Industrial and Integrated Developments	Intersegment Eliminating Adjustments	Consolidated
Costs and expenses							
Segment costs and expenses	₱4,427,161,923	₱6,199,429,618	₱756,306,859	₱1,730,215,872	₱221,280,013	₱-	₱13,334,394,285
Intersegment costs and expenses	496,000	43,217,951	(7,555,220)	10,092,272	-	(46,251,003)	-
Total Costs and expenses	4,427,657,923	6,242,647,569	748,751,639	1,740,308,144	221,280,013	(46,251,003)	13,334,394,285
Earnings before interest, taxes and depreciation	8,864,630,935	2,885,112,272	4,567,165,407	694,868,896	237,663,770	-	17,249,441,280
Depreciation and amortization (Notes 24 and 26)	3,652,030,906	95,074,282	833,893,624	359,372,389	26,174,214	-	4,966,545,415
Operating income	₱5,212,600,029	₱2,790,037,990	₱3,733,271,783	₱335,496,507	₱211,489,556	₱-	₱12,282,895,865
Assets and Liabilities							
Segment assets	₱73,472,525,100	₱59,962,694,934	₱24,309,288,716	₱10,194,629,208	₱21,712,071,803	₱-	₱189,651,209,761
Investment in subsidiaries - at cost	10,910,909,370	-	165,750,000	25,500,000	780,000,000	(11,882,159,370)	-
Total segment assets	₱84,383,434,470	₱59,962,694,934	₱24,475,038,716	₱10,220,129,208	₱22,492,071,803	(₱11,882,159,370)	₱189,651,209,761
Total segment liabilities	₱58,335,790,786	₱20,717,183,095	₱4,534,903,265	₱1,325,361,503	₱4,660,300,634	₱-	₱89,573,539,283
Other segment information:							
Capital additions (Notes 12 and 13)							₱11,444,282,141
Additions to subdivision land, condominium and residential units for sale (Note 9)							₱8,746,295,175
Cash flows from:							
Operating activities	₱9,326,112,683	₱5,506,243,970	₱3,690,293,288	₱264,036,093	(₱656,455,081)	₱-	₱18,130,230,953
Investing activities	(4,841,728,095)	(3,186,979,630)	(4,043,094,712)	(1,920,539,197)	(1,666,262,134)	-	(15,658,603,768)
Financing activities	(4,545,991,517)	1,832,092,728	680,285,494	1,833,618,329	2,244,965,477	-	2,044,970,511
2018							
	Commercial Centers Division	Residential Division	Office Buildings Division	Hotels and Resorts Division	Industrial and Integrated Developments	Intersegment Eliminating Adjustments	Consolidated
Revenue							
Segment revenue:							
Revenues from contracts with customers	₱1,972,527,785	₱8,345,617,524	₱-	₱1,982,137,914	₱2,546,767,437	₱-	₱14,847,050,660
Rental income	9,764,937,175	113,115,164	3,535,276,772	-	134,875,097	-	13,548,204,208
Other income	202,813,085	202,711,808	757,721,885	-	(18,996)	-	1,163,227,782
Intersegment revenue	42,846,948	-	-	2,471,781	-	(45,318,729)	-
Total Revenue	11,983,124,993	8,661,444,496	4,292,998,657	1,984,609,695	2,681,623,538	(45,318,729)	29,558,482,650
Costs and expenses							
Segment costs and expenses	4,274,831,274	6,478,178,974	532,882,081	1,308,642,999	613,677,160	-	13,208,212,488
Intersegment costs and expenses	-	42,846,948	(5,438,907)	7,910,688	-	(45,318,729)	-
Total Costs and expenses	4,274,831,274	6,521,025,922	527,443,174	1,316,553,687	613,677,160	(45,318,729)	13,208,212,488
Earnings before interest, taxes and depreciation	7,708,293,719	2,140,418,574	3,765,555,483	668,056,008	2,067,946,378	-	16,350,270,162
Depreciation (Notes 24 and 26)	3,420,651,538	81,030,767	693,501,790	248,237,776	13,310,774	-	4,456,732,645
Operating income	₱4,287,642,181	₱2,059,387,807	₱3,072,053,693	₱419,818,232	₱2,054,635,604	₱-	₱11,893,537,517
Assets and Liabilities							
Segment assets	₱73,959,589,978	₱53,680,024,065	₱19,462,199,172	₱7,881,486,731	₱19,174,860,339	₱-	₱174,158,160,285
Investment in subsidiaries - at cost	11,486,832,946	-	-	25,500,000	780,000,000	(12,292,332,946)	-
Total segment assets	₱85,446,422,924	₱53,680,024,065	₱19,462,199,172	₱7,906,986,731	₱19,954,860,339	(₱12,292,332,946)	₱174,158,160,285
Total segment liabilities	₱49,605,728,995	₱20,608,010,769	₱3,655,455,825	₱1,166,561,653	₱5,202,686,538	₱-	₱80,238,443,780
Other segment information:							
Capital additions (Notes 12 and 13)							₱13,444,918,877
Additions to subdivision land, condominium and residential units for sale (Note 9)							₱5,868,091,167
Cash flows from:							
Operating activities	₱9,325,467,987	(₱91,578,957)	₱3,550,353,853	₱720,903,816	(₱215,138,751)	₱-	₱13,290,007,948
Investing activities	(9,838,247,513)	(2,710,192,203)	(2,493,308,706)	(2,217,625,037)	26,928,203	-	(17,232,445,256)
Financing activities	946,746,362	2,720,437,095	(1,046,865,599)	1,507,780,576	282,725,178	-	4,410,823,612
2017							
	Commercial Centers Division	Residential Division	Office Buildings Division	Hotels and Resorts Division	Industrial and Integrated Developments	Intersegment Eliminating Adjustments	Consolidated
Revenue							
Segment revenue:							
Revenues from contracts with customers	₱1,802,643,181	₱5,973,248,023	₱-	₱1,892,873,758	₱-	₱-	₱9,668,764,962
Rental income	8,809,667,773	89,680,665	2,668,883,078	-	13,328,885	-	11,581,560,401
Other income	177,019,084	489,898,273	598,571,854	-	1,003,056	-	1,266,492,267
Intersegment revenue	52,219,142	-	-	1,875,627	-	(54,094,769)	-
Total Revenue	10,841,549,180	6,552,826,961	3,267,454,932	1,894,749,385	14,331,941	(54,094,769)	22,516,817,630
Costs and expenses							
Segment costs and expenses	3,751,872,140	4,734,196,063	337,498,332	1,169,386,910	47,335,641	-	10,040,289,086
Intersegment costs and expenses	-	52,219,142	(5,924,414)	7,800,041	-	(54,094,769)	-
Total Costs and expenses	3,751,872,140	4,786,415,205	331,573,918	1,177,186,951	47,335,641	(54,094,769)	10,040,289,086
Earnings before interest, taxes and depreciation	7,089,677,040	1,766,411,756	2,935,881,014	717,562,434	(33,003,700)	-	12,476,528,544
Depreciation (Notes 24 and 26)	3,040,446,157	62,880,399	629,271,677	181,125,459	390,409	-	3,914,114,101
Operating income	₱4,049,230,883	₱1,703,531,357	₱2,306,609,337	₱536,436,975	(₱33,394,109)	₱-	₱8,562,414,443



	2017						
	Commercial Centers Division	Residential Division	Office Buildings Division	Hotels and Resorts Division	Industrial and Integrated Developments	Intersegment Eliminating Adjustments	Consolidated
Assets and Liabilities							
Segment assets	₱66,493,808,490	₱40,777,979,053	₱17,909,268,241	₱5,954,062,532	₱16,991,429,486	₱-	₱148,126,547,802
Investment in subsidiaries - at cost	11,486,332,946	-	-	25,500,000	-	(11,511,832,946)	-
Total segment assets	₱77,980,141,436	₱40,777,979,053	₱17,909,268,241	₱5,979,562,532	₱16,991,429,486	(₱11,511,832,946)	₱148,126,547,802
Total segment liabilities	₱62,143,777,422	₱9,113,640,640	₱3,002,130,903	₱1,010,470,775	₱5,483,910,302	₱-	₱80,753,930,042
Other segment information:							
Capital additions							₱24,009,878,752
Additions to subdivision land, condominium and residential units for sale							₱4,846,756,065
Cash flows from:							
Operating activities	₱6,078,064,085	₱666,663,039	₱3,013,552,393	₱22,614,776	₱4,617,950,090	₱-	₱14,398,844,383
Investing activities	(10,399,659,284)	(731,233,889)	(3,208,653,145)	(863,716,944)	(9,251,961,561)	-	(24,455,224,823)
Financing activities	4,677,899,180	277,349,253	195,865,811	908,008,362	4,636,501,780	-	10,695,624,386

The revenue of the Group consists of sales to domestic customers. Inter-segment revenue accounted for under PFRS arising from lease arrangements amounting ₱46 million, ₱45 million and ₱54 million for the years ended December 31, 2019, 2018 and 2017, respectively, are eliminated in consolidation.

The carrying amount of assets located outside the Philippines amounted to ₱21,715 million and ₱22,379 million as of December 31, 2019 and 2018, respectively.

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

Significant customers in lease arrangements include the affiliated entities (see Note 22). Rental income arising from the lease of commercial properties to affiliated companies which are not part of the Group and therefore not eliminated amounted to ₱2,997 million, ₱2,787 million and ₱2,337 million for the years ended December 31, 2019, 2018 and 2017, respectively.

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

	December 31		
	2019	2018	2017
EBITDA	₱17,249,441,280	₱16,350,270,162	₱12,476,528,544
Depreciation and amortization (Notes 24 and 26)	(4,966,545,415)	(4,456,732,645)	(3,914,114,101)
Other losses - net	(776,112,102)	(650,505,921)	(727,006,605)
Income before income tax	₱11,506,783,763	₱11,243,031,596	₱7,835,407,838

7. Cash and Cash Equivalents

	2019	2018
Cash on hand and in banks	₱6,338,788,195	₱1,129,430,200
Short-term investments (Note 22)	721,650,328	1,414,410,627
	₱7,060,438,523	₱2,543,840,827

Cash in banks earns annual interest at the prevailing bank deposit rates. Short-term investments are invested for varying periods of up to three months and earn interest at the prevailing short-term investment rates ranging from 1.00% to 3.50%, 0.20% to 3.90% and 1.25% to 3.00% for the years ended December 31, 2019, 2018 and 2017, respectively.

Interest earned from cash in banks and short-term investments for the years ended December 31, 2019, 2018 and 2017 amounted to ₱287 million, ₱157 million, and ₱37 million, respectively (see Note 28).



8. Receivables

	2019	2018
Trade		
Installment contract receivables - at amortized cost	₱323,213,221	₱267,215,352
Installment contract receivables - at FVOCI	990,081,179	785,221,675
Rental receivables (Note 22)	1,022,641,161	1,426,650,345
Accrued rent receivables	1,672,789,954	1,256,405,124
Hotel operations	708,232,304	168,058,728
	4,716,957,819	3,903,551,224
Affiliated companies (Note 22)	1,355,316,367	207,635,524
Others		
Receivable for insurance	549,764,921	30,687,835
Receivable from condominium corporations	163,242,405	161,311,324
Advances to officers and employees	58,583,438	51,749,347
Others	28,142,195	21,178,097
	6,872,007,145	4,376,113,351
Less allowance for impairment losses	47,676,601	47,676,601
	6,824,330,544	4,328,436,750
Less noncurrent portion	3,677,362,062	1,756,064,862
	₱3,146,968,482	₱2,572,371,888

Installment contract receivables consist of accounts collectible in monthly installments over a period of one (1) to ten (10) years. These are carried at amortized cost, except for receivables from lease-to-own arrangements which are carried at fair value through OCI. The title of the real estate property, which is the subject of the installment contract receivable due beyond 12 months, passes to the buyer once the receivable is fully paid. The Group records any excess of progress of work over the right to an amount of consideration that is unconditional as contract asset (see Note 10).

Rental receivables from affiliated companies included under 'Rental receivables' amounted to ₱124 million and ₱168 million as of December 31, 2019 and 2018, respectively (see Note 22).

Accrued rent receivables represent the portion of the lease as a consequence of recognizing income on a straight-line basis. As of December 31, 2019 and 2018, the noncurrent portion of accrued rent receivable amounted to ₱1,659 million and ₱1,243 million, respectively.

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

Receivable from affiliates represent advances made by the Parent Company in accordance with joint venture agreements (see Note 22).

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

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

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



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

Allowance for impairment losses on trade receivables follows:

	Rental Receivables	Hotels Operations	Installment Contract Receivables	Total
Balances at December 31, 2019 and 2018	₱13,905,027	₱14,771,574	₱19,000,000	₱47,676,601

Aging Analysis

The aging analysis of the Group's receivables follows:

	December 31, 2019						
	Total	Neither Past Due nor Impaired	Past Due But Not Impaired				Past Due and Impaired
			Less than 30 days	30 to 60 days	61 to 90 days	Over 90 days	
Trade receivables							
Installment contract receivables - at amortized cost	₱323,213,221	₱-	₱57,422,900	₱21,562,826	₱47,341,381	₱177,886,114	₱19,000,000
Installment contract receivables - at FVOCI	990,081,179	963,112,977	4,443,941	2,472,133	3,720,782	16,331,346	-
Rental receivables (Note 22)	1,022,641,161	269,344,986	160,109,276	60,412,107	26,936,664	491,933,101	13,905,027
Accrued rent receivables	1,672,789,954	1,672,789,954	-	-	-	-	-
Hotel operations	708,232,304	506,461,162	69,831,288	31,010,457	19,885,001	66,272,822	14,771,574
Affiliated companies (Note 22)	1,355,316,367	1,355,316,367	-	-	-	-	-
Others	799,732,959	799,732,959	-	-	-	-	-
	₱6,872,007,145	₱5,566,758,405	₱291,807,405	₱115,457,523	₱97,883,828	₱752,423,383	₱47,676,601

	December 31, 2018						
	Total	Neither Past Due nor Impaired	Past Due But Not Impaired				Past Due and Impaired
			Less than 30 days	30 to 60 days	61 to 90 days	Over 90 days	
Trade receivables							
Installment contract receivables - at amortized cost	₱267,215,352	₱-	₱35,935,032	₱19,499,719	₱25,272,937	₱167,507,664	₱19,000,000
Installment contract receivables - at FVOCI	785,221,675	768,989,701	2,517,104	744,201	2,731,432	10,239,237	-
Rental receivables (Note 22)	1,426,650,345	694,942,129	210,303,407	43,311,363	21,620,631	442,567,788	13,905,027
Accrued rent receivables	1,256,405,124	1,256,405,124	-	-	-	-	-
Hotel operations	168,058,728	49,736,994	31,718,550	17,266,655	5,210,532	49,354,423	14,771,574
Affiliated companies (Note 22)	207,635,524	207,635,524	-	-	-	-	-
Others	264,926,603	264,926,603	-	-	-	-	-
	₱4,376,113,351	₱3,242,636,075	₱280,474,093	₱80,821,938	₱54,835,532	₱669,669,112	₱47,676,601

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

	2019	2018
Beginning balance	₱785,221,675	₱1,591,198,743
Additions	106,015,840	220,241,407
Sale of lease-to-own receivables (Note 22)	-	(1,017,153,531)
Fair value adjustment - other comprehensive income	98,843,664	(9,064,944)
Ending balance	₱990,081,179	₱785,221,675



Upon adoption of PFRS 9 on January 1, 2018, the classification of receivables from lease-to-own arrangements from loans and receivables to financial assets at fair value through OCI resulted to the recognition of fair value gain adjustment recorded in OCI as at January 1, 2018 amounting to ₱15 million (net of tax).

9. Subdivision Land, Condominium and Residential Units for Sale

	2019	2018
Land use right and development cost	₱15,888,472,944	₱13,793,027,024
Land and condominium units	14,087,963,035	11,600,778,843
Residential units and subdivision land	3,793,355,987	3,306,112,679
Land held for development	2,293,105,421	2,764,535,752
	₱36,062,897,387	₱31,464,454,298

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

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

	2019	2018
Beginning balance	₱31,464,454,298	₱28,854,049,360
Construction and development costs incurred	8,723,176,262	5,868,091,167
Transfers (to) / from		
Investment properties (Note 12)	317,625,677	2,072,054,274
Property and equipment (Note 13)	(131,903,733)	–
Unrealized land cost (sale to SRPI) (Note 22)	(75,129,954)	(398,312,678)
Cost of real estate sales (Note 24)	(4,235,325,163)	(4,931,427,825)
	₱36,062,897,387	₱31,464,454,298

Borrowing cost capitalized amounted to ₱486 million, ₱548 million and ₱490 million for the years ended December 31, 2019, 2018 and 2017, respectively. The capitalization rate used to determine the amount of borrowing costs eligible for capitalization for the years ended December 31, 2019, 2018 and 2017 is 4.59%, 4.50% and 4.02%, respectively. These amounts were included in the construction and development costs incurred (see Note 18).

The amount of subdivision land, condominium and residential units for sale recognized as cost of real estate sales in the consolidated statements of comprehensive income amounted to ₱4,235 million, ₱4,931 million and ₱3,143 million for the years ended December 31, 2019, 2018 and 2017, respectively (see Note 24).

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

Under the Contract, the Group is entitled to transfer, lease, mortgage all or part of the state-owned construction land use right to a third party. Upon receipt of the Certificate of State-owned Land Use Right Assignment, the land title will be subdivided into Individual Property Titles which will be issued to unit owners one year after completion of the development and turn-over of the units to the buyers. When all or part of the state-owned construction land use right is transferred, through sale of



commercial units and high-rise condominium units to buyers, the rights and obligations specified in the Contract and in the land registration documents shall be transferred accordingly to the buyer. The use term will be the remaining years as of the date of transfer based on the original use term specified in the Contract.

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

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

10. Contract Assets

	2019	2018
Current	₱3,007,038,670	₱4,642,475,062
Noncurrent	7,843,135,383	6,121,887,223
	₱10,850,174,053	₱10,764,362,285

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. This is reclassified as installment contract receivables when the monthly amortization of the customer is already due for collection. The movement in contract asset is mainly due to new real estate sales contract recognized during the period, increase in percentage of completion, less reclassification of installment contract receivable.

11. Other Current Assets

	2019	2018
Restricted cash	₱2,533,017,832	₱7,607,789,241
Advances to lot owners	2,142,570,836	748,273,145
Advances to suppliers and contractors	1,140,769,746	866,819,174
Prepaid expenses (Note 23)	1,023,727,774	986,336,548
Input VAT - net	578,174,256	1,418,062,733
Supplies	69,613,798	60,511,778
Utility deposits	8,417,364	7,831,041
Others	5,488,204	40,639,253
	₱7,501,779,810	₱11,736,262,913

Restricted cash includes the deposits in local banks for the purchase of land and deposits of buyers of Chengdu Xin Yao which will mainly be used for construction of real estate inventories (see Note 6).

Advances to lot owners consist of advance payments to land owners which will be applied against the acquisition cost of the real properties that will be acquired.



Advances to suppliers and contractors consist of advance payment for the construction of residential projects.

Prepaid expenses consist mainly of prepayments for taxes and insurance and cost to obtain contract in relation to the Group's real estate sales.

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

Supplies consist mainly of office and maintenance materials.

Utility deposits consist primarily of bid bonds and meter deposits.

Others consists of advances and reserve funds.

12. Investment Properties

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

	December 31, 2019						Total
	Land Held for Future Development	Land	Land Improvements	Buildings and Improvements	Construction In Progress		
Cost							
Balances at January 1, 2019	₱21,644,110,051	₱16,401,461,680	₱371,698,367	₱86,699,272,436	₱6,314,587,588	₱131,431,130,122	
Additions	69,276,337	498,975,069	33,384,747	2,754,948,866	6,355,317,188	9,711,902,207	
Retirement/disposal	-	(100,000,000)	(1,370,033)	(1,106,358,267)	(39,590,100)	(1,247,318,400)	
Reclassification and transfers - net (Notes 9 and 13)	(534,814,204)	130,853,770	(41,040,622)	5,683,449,981	(5,657,635,207)	(419,186,282)	
Balances at December 31, 2019	21,178,572,184	16,931,290,519	362,672,459	94,031,313,016	6,972,679,469	139,476,527,647	
Accumulated Depreciation							
Balances at January 1, 2019	-	-	153,490,503	31,960,543,792	-	32,114,034,295	
Effect of adoption of PFRS 16 (Note 2)	-	-	-	29,922,064	-	29,922,064	
Balances at January 1, 2019, as restated	-	-	153,490,503	31,990,465,856	-	32,143,956,359	
Depreciation (Notes 24 and 26)	-	-	26,209,217	3,997,156,833	-	4,023,366,050	
Retirement/disposal	-	-	(789,146)	(414,556,318)	-	(415,345,464)	
Reclassification and transfers	-	-	-	(74,589,501)	-	(74,589,501)	
Balances at December 31, 2019	-	-	178,910,574	35,498,476,870	-	35,677,387,444	
Net Book Value	₱21,178,572,184	₱16,931,290,519	₱183,761,885	₱58,532,836,146	₱6,972,679,469	₱103,799,140,203	
	December 31, 2018						
	Land Held for Future Development	Land	Land Improvements	Buildings and Improvements	Construction In Progress	Total	
Cost							
Balances at January 1, 2018	₱22,685,464,066	₱13,714,664,107	₱244,495,794	₱74,912,347,677	₱9,011,361,402	₱120,568,333,046	
Additions	2,188,037,914	3,829,988	54,642,249	4,211,032,313	5,022,122,827	11,479,665,291	
Reclassification and transfers - net (Notes 9 and 13)	(3,229,391,929)	2,682,967,585	72,560,324	7,575,892,446	(7,718,896,641)	(616,868,215)	
Balances at December 31, 2018	21,644,110,051	16,401,461,680	371,698,367	86,699,272,436	6,314,587,588	131,431,130,122	
Accumulated Depreciation							
Balances at January 1, 2018	-	-	133,694,629	28,280,870,347	-	28,414,564,976	
Depreciation (Notes 24 and 26)	-	-	19,795,874	3,679,673,445	-	3,699,469,319	
Balances at December 31, 2018	-	-	153,490,503	31,960,543,792	-	32,114,034,295	
Net Book Value	₱21,644,110,051	₱16,401,461,680	₱218,207,864	₱54,738,728,644	₱6,314,587,588	₱99,317,095,827	

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



Retirement of investment properties includes the derecognition of investment properties of APVI resulting from deconsolidation (see Note 2).

The construction in progress reclassified during the years ended December 31, 2019 and 2018 amounted to ₱5,657 million and ₱7,719 million, respectively. The reclassifications in 2019 represent mall and warehouse in Laguna, expansions of provincial malls, office buildings in Quezon City and Luisita that have been completed during the year ended December 31, 2019 and transferred to the corresponding assets accounts such as buildings and buildings improvements and land improvements. The remaining construction in progress represents new and expansion projects in various cities in Metro Manila and other parts of Luzon and Visayas regions.

For the years ended December 31, 2019 and 2018, the Group reclassified investment properties to subdivision land, condominium and residential units for sale amounting to ₱318 million and ₱2,072 million, respectively (see Note 9).

Depreciation expense charged to operations amounted to ₱4,023 million, ₱3,699 million and ₱3,252 million for the years ended December 31, 2019, 2018 and 2017, respectively (see Notes 24 and 26).

Borrowing costs capitalized amounted to ₱318 million, ₱323 million and ₱472 million for the years ended December 31, 2019, 2018 and 2017, respectively. These amounts were included in the consolidated statements of cash flows under additions to investment properties. The capitalization rate used to determine the amount of borrowing costs eligible for capitalization for the years ended December 31, 2019, 2018 and 2017 is 4.59%, 4.50% and 4.02%, respectively (see Note 18).

The fair value of investment properties which has been determined based on valuations performed by independent professional qualified appraisers exceeds its carrying cost. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation.

The fair value of investment properties as of December 31, 2019 and 2018 amounted to ₱249,203 million and ₱168,572 million, respectively.

As of December 31, 2019, fair value was measured through income approach using build-up model which the Group believes is an appropriate valuation technique since it provides an indication of value by converting future cash flow to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost saving generated by the asset. As of December 31, 2018, the fair value was measured through market value approach based on independent third party appraisal reports dated December 31, 2017.

Rental income derived from investment properties amounted to ₱15,420 million, ₱13,548 million and ₱11,582 million for the years ended December 31, 2019, 2018 and 2017, respectively (see Note 23).

Property operations and maintenance costs arising from investment properties amounted to ₱680 million, ₱791 million and ₱710 million for the years ended December 31, 2019, 2018 and 2017, respectively (see Note 24).

There are no investment properties as of December 31, 2019 and 2018 that are pledged as security to liabilities.



13. Property and Equipment

	December 31, 2019				
	Land Improvements	Buildings and Improvements	Theater Furniture and Equipment	Other Equipment	Total
Cost					
Balances at January 1, 2019	₱9,701,004	₱8,844,656,943	₱1,063,841,909	₱4,660,858,499	₱14,579,058,355
Additions	28,330,621	1,100,702,143	172,421,646	486,904,940	1,788,359,350
Retirement/disposal	(52,669)	(1,914,060)	–	(122,675,974)	(124,642,703)
Reclassifications (Notes 9 and 12)	(698,241)	78,611,425	–	155,551,154	233,464,338
Balances at December 31, 2019	37,280,715	10,022,056,451	1,236,263,555	5,180,638,619	16,476,239,340
Accumulated Depreciation					
Balances at January 1, 2019	6,242,132	2,514,458,631	835,707,509	3,378,506,011	6,734,914,283
Depreciation (Notes 24 and 26)	2,711,138	282,754,871	92,855,166	508,593,901	886,915,076
Retirement/disposal	(52,669)	(1,914,060)	–	(114,836,326)	(116,803,055)
Reclassifications (Notes 9 and 12)	(698,241)	(47,493,744)	–	122,781,486	74,589,501
Balances at December 31, 2019	8,202,360	2,747,805,698	928,562,675	3,895,045,072	7,579,615,805
Net Book Value	₱29,078,355	₱7,274,250,753	₱307,700,880	₱1,285,593,547	₱8,896,623,535

	December 31, 2018				
	Land Improvements	Buildings and Improvements	Theater Furniture and Equipment	Other Equipment	Total
Cost					
Balances at January 1, 2018	₱8,975,133	₱7,531,420,307	₱1,012,987,465	₱4,124,232,121	₱12,677,615,026
Additions	645,871	1,453,993,898	50,854,444	459,759,373	1,965,253,586
Write-off	–	–	–	(63,810,257)	(63,810,257)
Reclassifications (Notes 9 and 12)	80,000	(140,757,262)	–	140,677,262	–
Balances at December 31, 2018	9,701,004	8,844,656,943	1,063,841,909	4,660,858,499	14,579,058,355
Accumulated Depreciation					
Balances at January 1, 2018	5,429,407	2,299,060,389	745,329,815	2,935,437,010	5,985,256,621
Depreciation (Notes 24 and 26)	812,725	215,398,242	90,377,694	450,674,665	757,263,326
Write-off	–	–	–	(7,605,664)	(7,605,664)
Balances at December 31, 2018	6,242,132	2,514,458,631	835,707,509	3,378,506,011	6,734,914,283
Net Book Value	₱3,458,872	₱6,330,198,312	₱228,134,400	₱1,282,352,488	₱7,844,144,072

Depreciation expense charged to operations amounted to ₱887 million, ₱757 million and ₱662 million for the years ended December 31, 2019, 2018 and 2017, respectively (see Notes 24 and 26).

Borrowing cost capitalized amounted to ₱48 million, ₱63 million and ₱72 million for the years ended December 31, 2019, 2018, 2017, respectively (Note 18).

There are no property and equipment items as of December 31, 2019 and 2018 that are pledged as security to liabilities.

14. Other Noncurrent Assets

	2019	2018
Advances to suppliers and contractors	₱2,257,056,721	₱1,947,197,919
Advances to lot owners (Note 22)	1,886,052,753	1,471,892,243
Utility deposits (Notes 33 and 34)	744,380,122	792,181,009
Financial assets at fair value through OCI	91,674,297	–
Prepaid rent	–	335,964,979
Others (Note 32)	154,746,167	228,973,493
	₱5,133,910,060	₱4,776,209,643

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



Advances to lot owners consist of advance payments to land owners which will be applied against the acquisition cost of the real properties that will be acquired.

Utility deposits consist primarily of bill and meter deposits.

Financial assets at fair value through OCI represents equity shares of APVI that were retained by the Group and equity shares of Data Analytics Ventures, Inc., both entities under the common control of the ultimate parent company (see Note 2).

As of December 31, 2018, prepaid rent pertains to advance rentals of the 25-year operating lease agreement between Bases Conversion and Development Authority (BCDA) and APVI (an affiliate). The contract is for the long-term and development of approximately 5,000 sqm Lawton Corporate Center along Lawton Avenue, Bonifacio South, Taguig City. Subsequently, the said contract was assigned to the Parent Company through a Deed of Assignment wherein APVI assigns all its rights, interests, and obligations on the contract of lease with approval of BCDA as provided for under the contract. The said prepaid rent was reclassified to right-of-use asset on January 1, 2019 (Note 3).

“Others” include deposit to various joint venture partners representing the Parent Company’s share in an ongoing real estate development which will be liquidated at the end of the joint venture agreement. This deposit will be realized through the Group’s share in the completed units or share in the sales proceeds of the units, depending on the agreement with the other party.

Included in “Others” is the upfront fee paid by the Parent Company amounting to ₱100 million to the province of Malolos, Bulacan in relation to the lease agreement executed during the year for the lease of contiguous land situated at Brgy. Bulihan, City of Malolos, owned by the Province of Bulacan, pursuant to Proclamation No. 832 dated July 17, 2014. The project shall involve the lease of the project site and utilization thereof by the Parent Company for a mixed use development.

The lease period of the project site shall be for the twenty-five years (25) commencing on the third (3rd) project year counted from the commencement of the Construction Date, and terminating on the date 25 years thereafter. The lease shall be automatically renewed for another 25 years upon mutual agreement by the parties. The upfront fee will be offset against the rent due starting on the first (1st) year of operation of the Parent Company in the said property. As of December 31, 2019 and 2018, the Parent Company does not have right to access nor the right to use the property since the Provincial Government of Bulacan has not yet completed its undertakings which resulted to non-commencement of the lease.

15. Accounts Payable and Accrued Expenses

	2019	2018
Accounts payable	₱8,974,009,895	₱9,429,727,930
Taxes and licenses payable	2,151,574,064	2,128,522,470
Accrued rent expense	927,182,324	844,364,680
Accrued contracted services	517,098,147	491,610,543
Commissions payable	405,805,820	231,632,590
Accrued salaries and wages	333,919,117	308,964,942
Accrued interest payable	321,061,312	322,322,878
Dividends payable	43,287,603	43,304,321
Current portion of lease liabilities (Note 36)	36,016,214	—
Other accrued payable	681,106,048	524,116,354
	₱14,391,060,544	₱14,324,566,708



Accounts payable mainly includes unpaid billings from suppliers and contractors related to construction activities.

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

Accrued rent expense represents accrual for film rentals.

Commissions payable arises from obligations from contracts which were qualified for revenue recognition. The Group uses percentage of completion method in amortizing sales commissions consistent with PFRS 15.

Other accrued payable includes accrued utilities and advertising expenses.

16. Contract Liabilities

	2019	2018
Current	₱14,184,663,585	₱12,931,513,843
Noncurrent	2,958,482,166	2,378,690,953
	₱17,143,145,751	₱15,310,204,796

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

The amount of revenue recognized from the amounts included in contract liabilities at the beginning of the year amounted to ₱4,045 million and ₱1,663 million for the year ended December 31, 2019 and 2018, respectively.

17. Deposits and Other Current Liabilities

	2019	2018
Deposits from lessees (Note 19)	₱2,928,599,269	₱2,658,678,992
Payables to affiliated companies (Note 22)	163,251,787	231,800,778
Others	–	13,760,000
	₱3,091,851,056	₱2,904,239,770

Deposits from lessees (including noncurrent portion shown in Note 19) represent cash received in advance equivalent to three (3) to six (6) month rent which shall be refunded to lessees at the end of lease term. These are initially recorded at fair value, which was obtained by discounting its future cash flows using the applicable rates of similar types of instruments. The accretion expense on these deposits, recognized in “accretion of security deposit” under “Cost of rental services”, amounted to ₱76 million, ₱73 million and ₱56 million for the years ended December 31, 2019, 2018 and 2017, respectively (see Notes 24 and 29).



Included in the “Deposit from lessees” are unearned rental income amounting to ₱756 million and ₱604 million as of December 31, 2019 and 2018, respectively. Amortization of unearned rental income included in “Rental income” amounted to ₱83 million, ₱97 million and ₱64 million for the years ended December 31, 2019, 2018 and 2017, respectively.

Others pertain to amount payable to the Parent Company’s co-stockholders in its subsidiaries.

18. Loans Payable

Short-term loans

	2019	2018
Short-term loan obtained from local banks that will mature in January 2020. Interest rate is at 4.05% per annum.	₱5,000,000,000	₱–
Short-term loan obtained from local banks that will mature in January 2020. Interest rate is at 4.10% per annum.	2,591,700,000	–
Short-term loan obtained from a local bank that will mature in January 2020. Interest rate is at 4.25% per annum.	900,000,000	–
Short-term loan obtained from a local bank that matured in January 2019. Interest rate is at 5.25% per annum.	–	896,700,000
	₱8,491,700,000	₱896,700,000

Long-term loans

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

	2019	2018
Seven-year bonds from Banco de Oro (BDO), Hongkong Shanghai Banking Corporation (HSBC), SB Capital Investment Corporation (SB Capital), Standard Chartered Bank (Standard Chartered), Development Bank of the Philippines (DBP) and East West Banking Corporation (East West) maturing on February 23, 2022. Principal payable upon maturity, with fixed rate at 4.8000%, interest payable semi-annually in arrears.	₱10,635,500,000	₱10,635,500,000
Seven-year term loan from MBTC maturing on March 15, 2024. Principal payable in annual installment amounting to two percent (2%) of the total drawn principal amount and the balance upon maturity, with fixed rate at 4.7500%, interest payable quarterly in arrears	6,860,000,000	7,000,000,000
Five-year term loan from BDO Unibank, Inc. maturing on July 8, 2021. Principal payable upon maturity, with fixed rate at 3.8327%, interest payable quarterly in arrears.	6,500,000,000	6,500,000,000
Seven-year term loan from BPI maturing on August 10, 2023. Principal payable in annual installment amounting to ₱10 million for six years and the balance upon maturity, with fixed rate at 3.8900%, interest payable quarterly in arrears.	4,970,000,000	4,980,000,000

(Forward)



	2019	2018
Ten-year term loan from BPI maturing on February 13, 2027. Principal payable in annual installment amounting to ₱5 million for nine years and the balance upon maturity, with fixed rate at 4.9500%, interest payable quarterly in arrears	₱4,490,000,000	₱4,495,000,000
Ten-year bonds from BDO and Standard Chartered maturing on February 23, 2025. Principal payable upon maturity, with fixed rate at 4.9344%, interest payable semi-annually in arrears.	1,364,500,000	1,364,500,000
Five-year loan maturing in August 2022. Principal of RMB216 million as of December 31, 2018, payable upon maturity, with fixed rate at 4.7500%.	–	1,651,127,328
	34,820,000,000	36,626,127,328
Less debt issue costs	104,727,824	137,588,327
Long-term loans net of debt issue costs	₱34,715,272,176	₱36,488,539,001
Less current portion	155,000,000	15,000,000
Noncurrent portion of long-term loans	₱34,560,272,176	₱36,473,539,001

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

Total interest cost expensed out from short-term and long-term loans amounted to ₱907 million, ₱836 million and ₱778 million for the years ended December 31, 2019, 2018 and 2017, respectively (see Note 28).

Capitalized borrowing cost amounted to ₱852 million, ₱934 million and ₱1,034 million for the years ended December 31, 2019, 2018 and 2017, respectively (see Notes 9, 12 and 13).

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

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

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

Debt Covenants

The Group is required to maintain a debt-to-equity ratio not exceeding 2:1 as referenced from its consolidated financial statements as of its fiscal year end September 30 and consolidated interim financial statements as at March 31. The Group has complied with the debt covenant as of December 31, 2019 and 2018.

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

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

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



Debt Covenants

The Group is required to maintain a ratio of consolidated total borrowings to consolidated shareholders' equity not exceeding 2:1 as referenced from its consolidated audited financial statements as of its calendar year end December 31 and the consolidated interim financial statements as of March 31, June 30, and September 30. The Group has complied with the debt covenant as of December 31, 2019 and 2018.

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

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

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

Debt Covenants

The Group is required to maintain a debt to equity ratio not exceeding 2:1. The Group has complied with the debt covenant as of December 31, 2019 and 2018.

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

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

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

Debt Covenants

The Group is required to maintain a debt-to-equity not exceeding 2:1 as referenced from its consolidated audited financial statements as of its fiscal year end September 30 and consolidated interim financial statements as at March 31. The Group has complied with the debt covenant as of December 31, 2019 and 2018.

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

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

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

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

Debt Covenants

The Group is required to maintain a ratio of net debt-to-equity not exceeding 2:1 as measured at each fiscal year-end date based on the audited consolidated financial statements. The Group has complied with the debt covenant as of December 31, 2019 and 2018.

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

On February 23, 2015, the Group issued ₱1,365 million bonds constituting direct, unconditional, unsubordinated, and unsecured obligations of the Parent Company and shall at all times rank pari passu and without preference among themselves and among any present and future unsubordinated and unsecured obligations of the Parent Company, except for any statutory preference or priority



established under Philippine law. The net proceeds of the issue shall be used by the Parent Company to refinance existing debt obligations and to partially fund investment capital expenditures.

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

Debt Covenants

The Group is required to maintain a debt-to-equity not exceeding 2:1 as referenced from its consolidated audited financial statements as of its fiscal year end September 30 and consolidated interim financial statements as at March 31. The Group has complied with the debt covenant as of December 31, 2019 and 2018.

Five-year loan from Agricultural Bank of China (ABC) maturing in August 2022

In 2017, Chengdu Xin Yao entered into a facility loan agreement with ABC amounting to RMB500 million. On August 22, 2017, Chengdu Xin Yao made a drawdown amounting to RMB60 million (P458 million) which is payable after a period of 5 years. Interest on the loan shall be based on the rates released by the People's Bank of China which is 4.75% per annum as of loan agreement date.

In 2018, Chengdu Xin Yao made an additional drawdown amounting to RMB156 million (P1,193 million) which is payable on August 19, 2022.

In 2019, the Group pre-terminated and paid in full the total loan from this bank amounting to RMB216 million (P1,651 million).

Debt Covenants

Chengdu Xin Yao is required to maintain the following financial indicators: (a) actual revenue in its operating period which should not be lower than 20%; (b) debt-asset ratio should not equal or exceed 70%; (c) the borrower should not have a bad credit; and (d) borrower contingent liability ratio should not exceed 4%. Chengdu Xin Yao has complied with the debt covenant as of December 31, 2018.

Three-year entrusted loan from Chengdu Ding Feng Real Estate Development Co. Ltd. Maturing in December 2019

In 2017, Chengdu Xin Yao entered into a loan agreement with Chengdu Ding Feng Real Estate Development Co. Ltd. amounting to RMB50 million (P382 million). Interest on the loan is 4.75%.

The said loan was pre-terminated on December 13, 2018.

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

Long-term loans

	Within 1 year	1-2 years	2-3 years	3-4 years	4-10 years	Total
December 31, 2019	¥155,000,000	¥6,655,000,000	¥10,790,500,000	¥5,085,000,000	¥12,134,500,000	¥34,820,000,000
December 31, 2018	¥15,000,000	¥15,000,000	¥6,515,000,000	¥12,301,627,328	¥17,779,500,000	¥36,626,127,328

Debt issue cost

	2019	2018
Beginning balance	¥137,588,327	¥169,101,556
Amortizations	(32,860,503)	(31,513,229)
Ending balance	¥104,727,824	¥137,588,327



19. Deposits and Other Noncurrent Liabilities

	2019	2018
Deposits from lessees (Note 17)	₱3,171,544,926	₱2,650,771,913
Lease liabilities - net of current portion (Note 36)	1,899,868,024	–
Retention payable (Note 22)	454,267,761	645,174,274
Pension liabilities (Note 31)	361,239,256	325,012,487
Advances for marketing and promotional fund	243,566,063	220,031,526
Accrued rent expense	–	1,608,663,933
Others	210,998,269	246,544,614
	₱6,341,484,299	₱5,696,198,747

Retention payable represents amounts withheld from payments to contractors as guaranty for any claims against them. These are noninterest-bearing and will be remitted to contractors at the end of the contracted work.

Advances for marketing and promotional fund represents advances from tenants for sales promotions and marketing programs.

Accrued rent expense represents the portion of the lease as a consequence of recognizing expense on a straight-line basis. These pertain to various lease of land entered by the Group where the malls are located. Decrease in the accrued rent expense is due to the Group's adoption of PFRS 16 (Note 3).

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

20. Retained Earnings

The declarable dividend of Parent Company amounted to ₱27,670 million and ₱23,395 million as of December 31, 2019 and 2018, respectively.

Restriction

A portion of the unappropriated retained earnings representing the undistributed net earnings of subsidiaries amounting ₱3,252 million and ₱2,223 million as of December 31, 2019 and 2018, respectively, are not available for dividend declaration by the Parent Company until received in the form of dividends.

Furthermore, ₱27,000 million of retained earnings as of December 31, 2019 and 2018 were appropriated for future and ongoing expansions are not available for dividends.

Dividends declared

Cash dividends

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

	December 31, 2019	December 31, 2018	December 31, 2017
Date of declaration	May 29, 2019	April 6, 2018	March 3, 2017
Date of payment	July 12, 2019	May 23, 2018	May 2, 2017
Ex-dividend rate	June 18, 2019	April 26, 2018	April 3, 2017
Dividend per share	₱0.50	₱0.36	₱0.36
Total dividends	₱2,596,915,343	₱1,869,779,047	₱1,473,779,046



Property dividend

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

Appropriation

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

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

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

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

On December 12, 2017, the BOD approved the reversal of the retained earnings it appropriated in 2016 amounting to ₱16,000 million as the related projects to which the retained earnings were earmarked were completed already. The amount was originally earmarked for the continuing capital expenditures of the Group for subdivision land, condominium and residential units for sale, investment properties and property and equipment.

On the same date, the BOD also approved the appropriation of ₱24,500 million, out of the unappropriated retained earnings, to support the capital expenditure requirements of the Group for various projects approved by the Executive Committee during meetings held in September 2016. These projects and acquisitions are expected to be completed in various dates in 2018 up to 2022.

21. Capital Stock and Other Equity Reserve

The details of the number of common shares as of December 31, 2019 and 2018 follow:

	December 31, 2019		December 31, 2018	
	Shares	Amount	Shares	Amount
Authorized - at ₱1 par value	8,200,000,000	₱8,200,000,000	8,200,000,000	₱8,200,000,000
Issued and outstanding				
Common shares	5,193,830,685	₱5,193,830,685	5,193,830,685	₱5,193,830,685



Below is the summary of the Parent Company's track record of registration of securities with the SEC as of December 31, 2019:

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

JGSHI - JG Summit Holdings, Inc.

MMHLC - Manila Midtown Hotels and Land Corporation

RII - Robinson's Inn Inc.

Stock rights offering

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

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

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

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

Additional Paid-In Capital Stock

As a result of the SRO, the Group incurred total issuance cost of ₱90 million of which ₱67 million was charged to Additional Paid-In Capital while the ₱21 million was charged to expense.



Below is the movement of the Additional Paid-In Capital:

	2019	2018
Beginning Balance	₱39,041,328,236	₱20,392,532,781
Proceeds of SRO in excess of par		
From new shares issued	–	18,615,594,400
From treasury shares	–	100,268,943
Stock issuance costs	–	(67,067,888)
	₱39,041,328,236	₱39,041,328,236

Treasury Shares

On October 22, 2009, the Parent Company's BOD approved the creation and implementation of a share buy-back program allotting up to ₱1,000 million to reacquire a portion of the Parent Company's issued and outstanding common shares, representing approximately 3.1% of current market capitalization.

As of December 31, 2017, the Parent Company had a total of 17,698,000 treasury shares with a total purchase price of ₱222 million at an average price of ₱12.53 per share.

The Parent Company reissued these treasury shares during the SRO in 2018.

Capital Management

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

The Group monitors its use of capital structure using a debt-to-capital ratio which is gross debt divided by total equity. The Group includes within gross debt all interest-bearing loans and borrowings, while capital represents total equity attributable to the equity holders of the Parent Company. Following is a computation of the Group's debt-to-capital ratio as of December 31, 2019 and 2018.

	2019	2018
(a) Loans payable (Note 18)	₱43,311,700,000	₱37,522,827,328
(b) Capital	₱99,508,809,473	₱93,510,602,099
(c) Debt-to-capital ratio (a/b)	0.44:1	0.40:1

As of December 31, 2019 and 2018, the Group is compliant with its debt covenants with lenders.

Other Equity Reserve

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



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

22. Related Party Transactions

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

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

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

(Forward)



December 31, 2019				
	Amount/ Volume	Receivable (Payable)	Terms	Conditions
Interest income from sale of land - contract assets	141,959,070	P141,959,070		
Elimination of excess of interest income against investment in joint venture – contract liabilities	70,979,535	(70,979,535)		
Other related parties				
b) Advances to	77,439,650	375,275,547	Non-interest bearing; due and demandable	Unsecured; no impairment
P2,978,660,543				
December 31, 2018				
	Amount/ Volume	Receivable (Payable)	Terms	Conditions
Ultimate Parent Company				
a) Rental income/receivable	P57,964,248	P4,495,516	Three to five year lease terms at prevailing market lease rates; renewable at the end of lease term	Unsecured; no impairment
b) Advances from	45,808,682	(201,313,407)	Non-interest bearing; due and demandable	Unsecured
Under common control of Ultimate Parent Company				
c) Cash and cash equivalents				
• Cash in banks	327,025,906	811,808,669	Interest bearing at prevailing market rate; at 1.00% to 1.13% per annum due and demandable	Unsecured; no impairment
• Short-term investments	1,414,410,627	1,414,410,627	Interest bearing at prevailing market rate; at 1.25% to 3.00% per annum due and demandable	Unsecured; no impairment
• Interest income	53,029,144	337,080		
a) Rental income/receivable	2,728,947,022	163,069,995	Three to five year lease terms at prevailing market lease rate; renewable at the end of lease term	Unsecured; no impairment
b) Advances to	–	17,635,524	Non-interest bearing; due and demandable	Unsecured; no impairment
b) Advances from	299,283	(30,487,371)	Non-interest bearing; due and demandable	Unsecured
d) Sale of lease receivables	1,017,153,531	–	Non-interest bearing; payable in installments	Unsecured; no impairment
Joint ventures in which the Parent Company is a venturer				
b) Advances to	190,000,000	190,000,000	Interest-bearing at PDST R2 of applicable interest period	Unsecured; no impairment
f) Sale of land - contract liabilities	2,705,550,000	(2,705,550,000)	Non-interest bearing; due in one year	Unsecured; no impairment
g) Sale of land - contract assets	2,507,450,000	4,011,920,000	Interest bearing at 4% interest rate; due in 4 annual installment	Unsecured; no impairment
Elimination of excess of gain on sale against investment in joint venture	2,109,137,322	(1,118,639,671)		
Interest income from sale of land - contract assets	78,634,875	78,634,875		
Elimination of excess of interest income against investment in joint venture – contract liabilities	39,317,437	(39,317,437)		
Other related parties				
b) Advances to	297,835,897	297,835,897	Non-interest bearing; due and demandable	Unsecured; no impairment
P2,894,840,297				



Outstanding balances consist of the following:

	2019	2018
Cash and cash equivalents (Note 7)	₱1,916,343,567	₱2,226,219,296
Receivable from affiliated companies (Note 8)	1,355,316,367	207,635,524
Advances to lot owners (Note 14)	375,275,547	297,835,897
Rental receivables (Note 8)	124,212,419	167,565,511
Others (Note 8)	229,557	337,080
Contract assets (Note 10)	3,150,899,070	4,090,554,875
Contract liabilities (Note 16)	(3,780,364,197)	(3,863,507,108)
Payable to affiliated companies (Note 17)	(163,251,787)	(231,800,778)
	₱2,978,660,543	₱2,894,840,297

Significant transactions with related parties are as follows:

a) *Rental income*

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

b) *Advances to (from) affiliated companies*

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

In October 2018, the Parent Company entered a Loan Agreement with RHK Land Corporation, a joint venture with Hong Kong Land Group, to make available a loan facility amounting to ₱1,400 million. As of December 31, 2019 and 2018, total drawdown from this credit facility is ₱330 million and ₱190 million, respectively.

In 2019 and 2018, the Parent Company has made advances to shareholders of BRFLC amounting to ₱77 million and ₱298 million, respectively, for the purchase of parcels of land.

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

c) *Cash and cash equivalents*

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

d) *Sale of lease receivables*

On May 26, 2017, the Parent Company entered into a master agreement with an affiliate bank to sell the former's installment contract receivable from its lease-to-own arrangements on a without recourse basis through various tranches. For the year ended December 31, 2018, the Parent Company sold its lease receivables with a carrying value of ₱1,017 million to the affiliate bank which resulted to a gain amounting to ₱119 million. No installment contract receivables from lease-to-own arrangements were sold in 2019.



e) *Sale of Land – RLC DMCI Property Ventures, Inc.*

On April 12, 2019, the Parent Company entered a contract to sell a portion of its two (2) parcels of land situated in Las Pinas City, with RLC DMCI Property Ventures, Inc. (RLC DMCI), a joint venture with DMCI Property Developers, Inc. Total selling price is ₱435 million while the cost of the land sold is ₱160 million. This was paid in full on May 9, 2019.

f) *Sale of Land – RHK Land Corporation*

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

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

In June 2018, the Parent Company entered into a contract to sell two (2) adjoining parcels of land located at Bonifacio, Global City Taguig, with Shang Robinsons Properties Inc. (SRPI), a joint venture with Shang Properties, Inc. (SPI). Total selling price is ₱5,015 million (net of value added tax) and shall be payable in five (5) annual installments, with interest at a rate of 4% per annum on the unpaid amount of the purchase price. Out of the amount of selling price and cost of land, ₱2,507 million and ₱398 million were recognized in real estate sales and cost of real estate sales, respectively. These amounts represent the portion sold to SPI by virtue of its 50% ownership in SRPI. The remaining 50% will be recognized as the SRPI starts to sell to its customers. In 2019, the Parent Company realized ₱26 million from this deferred gain. As of December 31, 2019, ₱1,079 million was charged against the carrying value of the Investment in SRPI and ₱1,113 million is currently presented under noncurrent contract liabilities as of December 31, 2018 (see Note 32). Outstanding balance for the purchase price amounted to ₱3,009 million presented under contract assets while interest from the said receivable amounted to ₱71 million.

Terms and conditions of transactions with related parties

There have been no guarantees provided or received for any related party receivables or payables. The Group has not recognized any impairment losses on amounts receivables from related parties for the years ended December 31, 2019, 2018 and 2017. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

Compensation of key management personnel by benefit type follows:

	2019	2018	2017
Short-term employee benefits	₱1,233,076,287	₱971,417,842	₱863,112,728
Post-employment benefits	63,406,042	61,807,906	55,303,477
	₱1,296,482,329	₱1,033,225,748	₱918,416,205

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

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

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



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

Aggregate RPT transactions within a 12-month period that meets or breaches the materiality threshold shall require the same Board approval in item number five (5) above.

23. Revenue

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

	2019	2018	2017
Revenue from contracts with customers			
Recognized over time			
Residential development	₱8,708,003,578	₱8,345,617,524	₱5,973,248,023
Recognized at a point in time			
Industrial and integrated developments	320,940,495	2,546,767,437	–
Hotels and resorts	2,432,639,988	1,982,137,914	1,892,873,758
Amusement income	2,151,785,393	1,972,527,785	1,802,643,181
	4,905,365,876	6,501,433,136	3,695,516,939
Total revenue from contracts with customers	13,613,369,454	14,847,050,660	9,668,764,962
Rental income	15,420,499,255	13,548,204,208	11,581,560,401
Other income	1,549,966,856	1,163,227,782	1,266,492,267
	₱30,583,835,565	₱29,558,482,650	₱22,516,817,630

Performance obligations

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

Real estate sales

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

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

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



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

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

	2019	2018
Within one year	₱14,184,663,585	₱11,833,678,481
More than one year	2,958,482,166	3,476,526,315
	₱17,143,145,751	₱15,310,204,796

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

Residential development

Type of Product

	2019	2018	2017
Residences	₱4,621,972,405	₱5,118,889,727	₱3,239,567,530
Communities	1,709,120,601	1,380,754,562	1,368,215,466
Luxuria	1,362,067,482	961,311,272	602,867,325
Homes	1,014,843,090	884,661,963	762,597,702
	₱8,708,003,578	₱8,345,617,524	₱5,973,248,023

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

Real estate sales include interest income from installment contract receivable amounting to ₱323 million, ₱942 million and ₱1,715 million for the years ended December 31, 2019, 2018 and 2017. These are also recognized over time.

Industrial and integrated developments

The real estate revenues amounting to ₱321 million and ₱2,547 million in 2019 and 2018, respectively, pertain to the sale of parcels of land which were recognized at a point in time (see Note 22).

Hotels and resorts

Type of Product	2019	2018	2017
Rooms	₱1,604,880,400	₱1,312,576,731	₱1,210,221,728
Food and beverage	724,881,634	593,105,042	621,883,904
Franchise revenue	27,137,473	16,819,902	16,838,778
Others	75,740,481	59,636,239	43,929,348
	₱2,432,639,988	₱1,982,137,914	₱1,892,873,758



Costs to obtain contract

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

	2019	2018
Balance at the beginning of the year	₱283,276,408	₱354,758,625
Additions	609,096,655	653,599,770
Amortization (Note 25)	(662,201,925)	(725,081,987)
	₱230,171,138	₱283,276,408

The adoption of PFRS 15 on January 1, 2018 resulted to increase in commission payable under “Accounts payable and accrued expenses” of ₱269 million, increase in prepaid expense under “Other current assets” of ₱353 million and increase in retained earnings of ₱84 million in the consolidated statement of financial position and consolidated statement of changes in equity as of January 1, 2018.

24. Costs

	2019	2018	2017
Real Estate Operations			
Cost of Rental Services			
Depreciation (Note 26)	₱4,607,173,026	₱4,208,494,869	₱3,732,988,642
Property operations and maintenance costs (Note 12)	680,456,641	791,291,480	710,458,514
Accretion of security deposit (Notes 17 and 28)	76,293,508	72,906,097	56,147,861
	5,363,923,175	5,072,692,446	4,499,595,017
Cost of Real Estate Sales (Note 9)	4,235,325,163	4,931,427,825	3,143,037,387
Cost of Amusement Services			
Film rentals expense	956,468,868	906,006,116	820,824,802
Others			
Contracted services	448,170,471	363,415,700	253,137,260
Others	1,110,670,362	838,169,402	559,279,805
	1,558,840,833	1,201,585,102	812,417,065
	12,114,558,039	12,111,711,489	9,275,874,271
Hotel Operations			
Cost of Room Services			
Property operations and maintenance costs	454,239,278	425,605,463	386,759,727
Depreciation (Note 26)	359,372,389	248,237,776	181,125,459
	813,611,667	673,843,239	567,885,186
Cost of Food and Beverage	380,535,302	320,069,980	353,667,814
Others			
Salaries and wages (Note 27)	227,866,865	97,141,168	60,005,353
Contracted services	162,308,423	85,818,160	69,033,445
Management fee	27,473,180	73,189,792	64,430,314
Supplies	60,043,442	37,493,390	21,336,897
Commission	54,021,163	15,255,321	8,709,538
Others	363,728,219	254,069,725	205,443,822
	895,441,292	562,967,556	428,959,369
	2,089,588,261	1,556,880,775	1,350,512,369
	₱14,204,146,300	₱13,668,592,264	₱10,626,386,640



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

25. General and Administrative Expenses

	2019	2018	2017
Salaries and wages (Notes 22, 27 and 31)	₱1,095,392,480	₱936,084,580	₱858,410,852
Taxes and licenses	871,343,597	732,215,601	688,653,834
Commission	807,360,809	800,153,709	588,617,839
Advertising and promotions	610,213,348	655,239,141	520,144,547
Association dues	235,682,979	117,117,754	105,739,200
Insurance	152,723,079	132,096,341	140,294,103
Supplies	97,689,379	104,142,986	133,003,519
Light, water and communication	89,871,012	97,834,528	105,103,790
Travel and transportation	53,522,483	77,071,904	69,776,197
Rent (Note 36)	16,184,587	245,990,220	52,014,409
Entertainment, amusement and recreation	16,030,117	18,231,929	21,153,204
Others	50,779,530	80,174,176	45,105,053
	₱4,096,793,400	₱3,996,352,869	₱3,328,016,547

26. Depreciation

	2019	2018	2017
Real estate (Notes 12, 13, 24 and 36)			
Depreciation	₱4,550,908,737	₱4,208,494,869	₱3,732,988,642
Amortization of ROU asset	56,264,289	–	–
Hotel operations (Notes 13 and 24)			
Depreciation	359,372,389	248,237,776	181,125,459
	₱4,966,545,415	₱4,456,732,645	₱3,914,114,101

27. Personnel Expenses

Personnel expenses consist of (see Notes 24 and 25):

	2019	2018	2017
Salaries, wages and other staff costs	₱1,162,639,446	₱917,284,253	₱811,588,387
Pension expense (Note 31)	86,267,912	61,807,906	55,303,477
SSS contributions, PAG-IBIG contributions, premiums and others	74,351,987	54,133,589	51,524,341
	₱1,323,259,345	₱1,033,225,748	₱918,416,205

The above amounts are distributed as follows:

	2019	2018	2017
General and administrative (Note 25)	₱1,095,392,480	₱936,084,580	₱858,410,852
Hotel operations (Note 24)	227,866,865	97,141,168	60,005,353
	₱1,323,259,345	₱1,033,225,748	₱918,416,205



28. Other Income (Losses), Interest Income, Interest Expense and Finance Charges

Interest income consists of:

	2019	2018	2017
Interest income:			
Cash and cash equivalents (Note 7)	₱287,417,657	₱156,969,192	₱36,809,915
Interest income from installment contract receivable - recognized under real estate sales (Note 23)	322,778,964	981,619,432	1,714,559,283
	₱610,196,621	₱1,138,588,624	₱1,751,369,198

Interest expense consists of (see Notes 17, 18 and 36):

	2019	2018	2017
Loans payable (Note 18)	₱907,257,726	₱836,112,262	₱778,194,869
Lease liabilities (Note 36)	145,565,692	–	–
Accretion on deposits – recognized under cost of rental services (Notes 17 and 24)	76,293,508	72,906,097	56,147,861
	₱1,129,116,926	₱909,018,359	₱834,342,730

Capitalized borrowing costs for the years ended December 31, 2019, 2018 and 2017 are discussed in Notes 9, 12, 13 and 18.

29. Income Tax

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

	2019	2018	2017
Current			
RCIT	₱2,249,459,433	₱2,305,197,006	₱1,771,169,116
Final tax	22,710,178	14,307,463	6,460,001
MCIT	4,699,110	403,217	315,448
	2,276,868,721	2,319,907,686	1,777,944,565
Deferred	537,305,284	699,159,325	173,025,316
	₱2,814,174,005	₱3,019,067,011	₱1,950,969,881

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

	2019	2018	2017
Statutory income tax rate	30.00%	30.00%	30.00%
Reductions in income tax resulting from:			
Interest income subjected to final tax	(0.33)	(0.41)	(0.01)
Tax exempt real estate sales	(0.19)	(0.22)	(0.11)
Income subjected to BOI, PEZA and lower tax	(5.03)	(2.52)	(4.98)
Effective income tax rate	24.45%	26.85%	24.90%



Deferred taxes as of December 31, 2019 and 2018 relate to the tax effects of the following:

	2019	2018
Deferred tax assets:		
Lease liabilities	₱580,765,271	₱–
Pension liabilities	126,926,589	107,369,265
Accrued interest expense	126,624,344	242,597,937
Allowance for impairment loss	14,302,980	14,302,980
Accrued commissions	13,103,724	6,842,082
MCIT	10,782,821	2,168,956
Accrued rent expense (Note 3)	–	507,821,606
	872,505,729	881,102,826
Deferred tax liabilities:		
Excess of real estate revenue based on percentage-of-completion over real estate revenue based on tax rules	(2,324,264,799)	(1,877,711,934)
Unamortized capitalized interest expense	(1,913,922,879)	(1,961,848,143)
Accrued rent income	(579,446,575)	(439,867,823)
Right-of-use asset	(351,520,199)	–
Unamortized debt issuance cost	(34,243,938)	(44,102,089)
Fair value reserve of financial assets at FVOCI	(37,215,115)	(3,781,008)
Prepaid rent (Notes 3 and 14)	–	(134,440,664)
	(5,240,613,505)	(4,461,751,661)
Net deferred tax liabilities	(₱4,368,107,776)	(₱3,580,648,835)

Provision for deferred tax relating to remeasurements of defined benefit liability recognized directly in equity amounted to ₱12 million, ₱12 million and ₱29 million for the years ended December 31, 2019, 2018 and 2017, respectively.

The Group has deductible temporary difference that is available for offset against taxable income or tax payable for which deferred tax asset has not been recognized. This deductible temporary difference with no deferred tax assets recognized in the consolidated financial statements pertains to NOLCO of subsidiaries amounting to ₱9 million and ₱3 million as of December 31, 2019 and 2018, respectively. The deferred tax assets of the above deductible temporary differences for which no deferred tax assets have been recognized amounted to ₱3 million and ₱1 million as of December 31, 2019 and 2018, respectively.

The carryover NOLCO that can be claimed as deduction from future taxable income and MCIT that can be used as deductions against income tax liabilities are as follows:

Period of recognition	Amount	Period of expiration
NOLCO		
December 31, 2019	₱8,613,865	December 31, 2022
December 31, 2017	517,845	December 31, 2020
	₱9,131,710	



Period of recognition	Amount	Period of expiration
MCIT		
December 31, 2019	₱4,699,110	December 31, 2022
December 31, 2018	403,217	December 31, 2021
December 31, 2017	315,448	December 31, 2020
	₱5,417,775	

Movement in NOLCO and MCIT follows:

NOLCO	2019	2018
Beginning balances	₱2,854,754	₱3,754,601
Additions	8,613,865	–
Expirations	(2,336,909)	(899,847)
Ending balances	₱9,131,710	₱2,854,754

MCIT	2019	2018
Beginning balances	₱1,009,765	₱1,404,339
Additions	4,699,110	403,217
Expirations	(291,100)	(797,791)
Ending balances	₱5,417,775	₱1,009,765

30. Basic/Diluted Earnings Per Share

Earnings per share amounts were computed as follows:

	2019	2018	2017
a. Net income attributable to equity holders of Parent Company	₱8,686,233,159	₱8,216,002,328	₱5,881,150,728
b. Weighted average number of common shares outstanding adjusted (Note 21)	5,193,830,685	5,056,330,685	4,093,830,685
c. Earnings per share (a/b)	₱1.67	₱1.62	₱1.44

There were no potential dilutive shares for the years ended December 31, 2019, 2018 and 2017.

31. Employee Benefits

Pension Plans

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

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



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

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

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

	2019	2018	2017
Service cost	₱66,580,614	₱43,783,555	₱42,269,949
Net interest cost	19,687,298	18,024,351	13,033,528
Pension expense	₱86,267,912	₱61,807,906	₱55,303,477

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

There are no plan amendments, curtailments or settlements for the years ended December 31, 2018 and 2017.

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

	2019	2018
Present value of defined benefit obligation	₱481,501,376	₱464,993,377
Fair value of plan assets	(120,262,120)	(139,980,890)
Pension liabilities	₱361,239,256	₱325,012,487

Changes in net defined benefit liability of funded funds follow:

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



	2018		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability/(asset)
Balance at January 1, 2018	₱470,681,322	₱146,133,669	₱324,547,653
Net benefit cost in consolidated statement of comprehensive income:			
Current service cost	43,783,555	–	43,783,555
Net interest cost	25,565,458	7,541,107	18,024,351
Subtotal	69,349,013	7,541,107	61,807,906
Benefits paid	(32,771,253)	(10,747,898)	(22,023,355)
Remeasurements in other comprehensive income:			
Actuarial changes arising from experience adjustments	8,541,377	–	8,541,377
Actuarial changes arising from changes in financial/demographic assumptions	(50,807,082)	–	(50,807,082)
Return on plan assets	–	(2,945,988)	2,945,988
Subtotal	(42,265,705)	(2,945,988)	(39,319,717)
Balance at December 31, 2018	₱464,993,377	₱139,980,890	₱325,012,487
	2017		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability/(asset)
Balance at January 1, 2017	₱510,599,931	₱157,465,185	₱353,134,746
Net benefit cost in consolidated statement of comprehensive income:			
Current service cost	42,269,949	–	42,269,949
Net interest cost	19,296,205	6,262,677	13,033,528
Subtotal	61,566,154	6,262,677	55,303,477
Benefits paid	(6,537,538)	(4,285,569)	(2,251,969)
Remeasurements in other comprehensive income:			
Actuarial changes arising from experience adjustments	(3,493,005)	–	(3,493,005)
Actuarial changes arising from changes in financial/demographic assumptions	(91,454,220)	–	(91,454,220)
Return on plan assets	–	1,586,115	(1,586,115)
Subtotal	(94,947,225)	1,586,115	(96,533,340)
Others	–	(14,894,739)	14,894,739
Balance at December 31, 2017	₱470,681,322	₱146,133,669	₱324,547,653

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

	2019	2018
Cash and cash equivalents:		
Savings deposit account	₱1,729,968	₱12,029,790
Other securities	5,857,464	72,112,909
	7,587,432	84,142,699
Investment in debt instruments:		
Fixed rate bonds	32,429,238	40,496,961
Other debt instruments	6,098,772	593,429
	38,528,010	41,090,390
Accrued interest receivable	371,611	1,292,771
Prepaid tax	–	86,384
Other assets	73,779,070	13,379,547
Accrued trust and management fee payable	(4,003)	(10,901)
	₱120,262,120	₱139,980,890



The composition of the fair value of the Fund includes:

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

The fund has no investment in the Parent Company as of December 31, 2019 and 2018.

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

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

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

The Group expects to contribute ₱74 million to the defined benefit pension plans in 2020.

The average duration of the defined benefit obligation of the Group as of December 31, 2019 and 2018 is 17 years.

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

	2019	2018
Discount rate	4.52% to 5.16%	7.22% to 7.47%
Rate of salary increase	5.70%	5.70%

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

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the retirement benefit obligation as of December 31, 2019 and 2018, assuming if all other assumptions were held constant.

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



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

		Increase (decrease) on pension liabilities	
		2019	2018
Discount rates	+1.00%	(₱35,560,743)	(₱35,504,208)
	-1.00%	52,024,195	30,654,463
Salary increase rates	+1.00%	₱53,425,615	₱33,946,545
	-1.00%	(37,518,849)	(38,928,574)

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

	2019	2018
Less than 1 year	₱24,120,310	₱35,924,617
More than 1 years to 5 years	195,980,519	206,215,578
More than 5 years to 10 years	327,981,150	359,644,904
More than 10 years to 15 years	461,128,355	462,759,453
More than 15 years to 20 years	466,560,161	333,364,369
More than 20 years	968,316,035	607,938,614

32. Interest in Joint Ventures and Joint Operations

A. Interest in Joint Ventures

This account consists of the following:

	Percentage of ownership	2019	2018
RHK Land Corporation	60.00	₱1,375,530,317	₱1,383,353,670
Robinsons DoubleDragon Corp.	65.72	613,308,121	–
RLC DMCI Property Ventures, Inc.	50.00	361,343,210	–
Shang Robinsons Properties, Inc.*	50.00	–	–
Balance at end of year		₱2,350,181,648	₱1,383,353,670

*Net of deferred gain from sale of land

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

	2019	2018
Investment in stocks - cost:		
Balance at beginning of year	₱1,409,502,348	₱–
Additions	1,124,368,855	2,400,000,000
Elimination of interest income on the sale of land	(69,606,759)	(39,317,437)
Elimination of gain on sale of land to joint venture	(156,240,112)	(951,180,215)
Balance at end of year	2,308,024,332	1,409,502,348
Accumulated equity in net earnings (loss):		
Balance at beginning of year	(26,148,678)	–
Equity in net earnings (loss) during the year	68,305,994	(26,148,678)
Balance at end of year	42,157,316	(26,148,678)
₱2,350,181,648	₱1,383,353,670	



Joint Venture with Hong Kong Land Group

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

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

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

In October 2018, the Parent Company entered into a Shareholder Loan Agreement with RHK Land (see Note 22). Repayment date falls on the fifth anniversary of the effective date (see Note 8).

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

Summarized financial information of RHK Land, presented in Philippine Peso, which is its functional and presentation currency and prepared in accordance with PFRS as at December 31, 2019 and 2018 and for the year ended December 31, 2019 and for the period June 14, 2018 to December 31, 2018 are as follows:

Summarized statements of financial position:

	2019	2018
Current assets	₱3,383,477,257	₱3,146,328,337
Noncurrent assets	72,523,671	12,077,317
Current liabilities	(23,155,433)	(6,149,537)
Noncurrent liabilities	(681,784,862)	(380,000,000)
Equity	2,751,060,633	2,772,256,117
Proportion of Group's ownership	60.00%	60.00%
Group's share in identifiable net assets	1,650,636,380	1,663,353,670
Carrying amount of investment	₱1,375,530,317	₱1,383,353,670

Summarized statements of comprehensive income:

	2019	2018
	(One year)	(Six and a half months)
Interest income	₱234,930	₱373,793
Interest expense	(1,363,546)	-
Depreciation	(6,567,627)	(10,444)
Other expenses	(25,331,213)	(40,026,236)
Loss before income tax	(33,027,456)	(39,662,887)
Income tax benefit	9,931,730	11,919,002
Net loss	(23,095,726)	(27,743,885)
Other comprehensive income	-	-
Total comprehensive loss	(₱23,095,726)	(₱27,743,885)



Additional information:

	2019	2018
Cash and cash equivalents	₱110,354,539	₱69,647,842
Noncurrent financial liabilities*	681,784,862	380,000,000

*Excluding trade and other payables and provision.

Reconciliation of the carrying amount of investment in RHK Land as of December 31, 2019 and 2018 is as follows:

	2019	2018
Beginning balance	₱1,383,353,670	₱-
Additional investment	-	1,400,000,000
Equity in net loss	(7,823,353)	(16,646,330)
Carrying amount of investment	₱1,375,530,317	₱1,383,353,670

Joint Venture with DoubleDragon Properties Corporation

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

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

Summarized financial information of RDDC, presented in Philippine Peso, which is its functional and presentation currency and prepared in accordance with PFRS as at December 31, 2019 and for the period December 26, 2019 to December 31, 2019 are as follows:

Summarized statement of financial position:

Current assets	₱207,092,261
Noncurrent assets	805,030,515
Current liabilities	(78,952,079)
Equity	933,170,697
Proportion of Group's ownership	65.72%
Group's share in identifiable net assets	613,308,121
Carrying amount of investment	₱613,308,121

Summarized statement of comprehensive income:

Other expenses	(₱24,041,690)
Income tax benefit	7,212,387
Net loss	(16,829,303)
Other comprehensive income	-
Total comprehensive loss	(₱16,829,303)

Additional information:

Cash and cash equivalents	₱112,768,935
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Reconciliation of the carrying amount of investment in RDDC as of December 31, 2019 is as follows:

Initial investment	₱624,368,855
Equity in net loss	(11,060,734)
<u>Carrying amount of investment, December 31, 2019</u>	<u>₱613,308,121</u>

Joint Venture with DMCI Project Developers, Inc.

In October 2018, the Parent Company entered into a Joint Venture Agreement with DMCI Project Developers, Inc. (DMCI PDI) to develop, construct, manage, and sell a residential condominium situated in Las Pinas City. Both parties agreed to incorporate a joint venture corporation where each party will hold a 50% ownership.

On March 18, 2019, RLC DMCI Property Ventures, Inc. (RLC DMCI) was incorporated as the joint venture company (JVC) between RLC and DMCI PDI. The proposed project is intended to be a multi-tower residential condominium and may include commercial spaces.

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

Summarized financial information of RLC DMCI, presented in Philippine Peso, which is its functional and presentation currency and prepared in accordance with PFRS as at December 31, 2019 and for the period March 18, 2019 to December 31, 2019 are as follows:

Summarized statement of financial position:

Current assets	₱1,990,136,107
Noncurrent assets	42,978,919
Current liabilities	(53,162,175)
Noncurrent liabilities	(992,681,286)
Equity	987,271,565
Proportion of Group's ownership	50.00%
Group's share in identifiable net assets	493,635,783
<u>Carrying amount of investment</u>	<u>₱361,343,210</u>

Summarized statement of comprehensive income:

Interest income	₱5,768,638
Interest expense	(9,882,647)
Other expenses	(4,077,708)
Loss before income tax	(8,191,717)
Income tax benefit	5,463,284
Net loss	(2,728,433)
Other comprehensive income	—
<u>Total comprehensive loss</u>	<u>(₱2,728,433)</u>

Additional information:

Cash and cash equivalents	₱967,056,774
Noncurrent financial liabilities*	(992,681,286)

*Excluding trade and other payables and provision.



Reconciliation of the carrying amount of investment in RLC DMCI as of December 31, 2019 is as follows:

Initial investment	₱500,000,000
Equity in net loss	(1,364,217)
Elimination of gain on sale of land (Note 22)	(137,292,573)
<u>Carrying amount of investment, December 31, 2019</u>	<u>₱361,343,210</u>

Joint Venture with Shang Properties, Inc.

On November 13, 2017, the Parent Company's BOD approved the agreement with Shang Properties, Inc. (SPI) to form a joint venture corporation (JVC).

On May 23, 2018, Shang Robinsons Properties, Inc. (SRPI), the JVC, was incorporated. Both RLC and SPI each own 50% of the outstanding shares in SRPI. The office address of SRPI is at Lower Ground Floor, Cyber Sigma Building, Lawton Avenue, Fort Bonifacio Taguig.

RLC and SPI, through SRPI, shall build and develop a property situated at McKinley Parkway corner 5th Avenue and 21st Drive at Bonifacio Global City, Taguig, Metro Manila. The project is intended to be a mixed-use development and may include residential condominium units, serviced apartments and commercial retail outlets. SRPI also plans to pursue other development projects.

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

In accordance with the joint venture agreement with SPI, the Parent Company agrees to extend loan to SRPI, at fair and commercial rates comparable to loans extended by third party banks and financial institutions, an amount of ₱1,000 million annually starting April 1, 2019 up to April 1, 2022. As of December 31, 2019, the Parent Company has already extended a loan to SRPI amounting to ₱1,000 million (see Note 8).

Summarized financial information of SRPI, presented in Philippine Peso, which is its functional and presentation currency and prepared in accordance with PFRS as at and for the years ended December 31, 2019 and 2018 are as follows:

Summarized statements of financial position:

	2019	2018
Current assets	₱9,146,232,494	₱6,102,092,876
Noncurrent assets	9,654,289	8,483,006
Current liabilities	(1,944,842,884)	(1,120,640,577)
Noncurrent liabilities	(5,052,940,000)	(3,008,940,000)
Equity	2,158,103,899	1,980,995,305
Proportion of Group's ownership	50.00%	50.00%
Group's share in identifiable net assets	1,079,051,949	990,497,652
<u>Carrying amount of investment</u>	<u>₱—</u>	<u>₱—</u>



Summarized statements of comprehensive income:

	2019	2018
	(One year)	(Seven months)
Revenue	₱461,237,320	₱–
Cost of sales	172,582,512	–
Gross profit	288,654,808	–
Interest income	9,735,751	788,984
Depreciation	(118,599)	–
Other income (expenses)	(46,650,505)	(28,276,685)
Income (loss) before income tax	251,621,455	(27,487,701)
Income tax benefit (expense)	(74,512,861)	(8,483,006)
Net income (loss)	177,108,594	(19,004,695)
Other comprehensive income	–	–
Total comprehensive income (loss)	₱177,108,594	(₱19,004,695)

Additional information:

	2019	2018
Cash and cash equivalents	₱3,379,326,909	₱739,228,057
Noncurrent financial liabilities*	2,000,000,000	–

*Excluding trade and other payables and provision.

Reconciliation of the carrying amount of investment in SRPI as of December 31, 2019 and 2018 is as follows:

	2019	2018
Beginning balance	₱990,497,652	₱–
Additional investment	–	1,000,000,000
Equity in net earnings (loss)	88,554,297	(9,502,348)
	1,079,051,949	990,497,652
Elimination of gain on sale of land (Note 22)	(1,079,051,949)	(990,497,652)
Carrying amount of investment	₱–	₱–

Gain on sale of land to SRPI attributable to the Parent Company was offset against the remaining carrying amount of investment in SRPI. The excess of the gain on sale of land amounting to ₱1,004 million and ₱1,119 million were presented as noncurrent contract liability as of December 31, 2019 and 2018, respectively.

B. Joint Operations

The Group has entered into joint venture agreements with various landowners and other companies with various percentage interests in these joint operations depending on the value of the land or investment against the estimated development costs. These joint venture agreements entered into by the Group relate to the development and sale of subdivision land, condominium and residential units, with certain level of allocation of condominium unites/lots to be sold to buyers with provisions for sharing in the cash collection on the sale of allocated developed unites.



The Group's joint venture agreements typically require the joint venture partner to contribute the land free from any lien, encumbrance and tenants or informal settlers to the project, with the Group bearing all the cost related to the land development and the construction of subdivision land, condominium and residential units, including the facilities.

Sales and marketing costs are allocated to both the Group and the joint operations partner. The projects covering the joint venture agreement are expected to be completed within two to three years. Each joint operations party has committed to contribute capital based on the terms of the joint venture agreement.

Interest in joint projects with Horizon Land Property & Development Corporation, formerly Harbour Land Realty and Development Corp and Federal Land, Inc. (Jointly Controlled Operations)

On February 7, 2011, the Parent Company entered into a joint venture agreement with Horizon Land Property & Development Corporation (HLPDC), formerly Harbour Land Realty and Development Corp and Federal Land, Inc. (FLI) to develop Axis Residences (the Project) located along Pioneer Street in Mandaluyong City. The construction of the planned 2-phase residential condominium has commenced in March 2012. One tower of first phase was completed on September 2015.

The agreed contributions of the parties follow:

- a. The Parent Company: Road lot valued at ₱89 million and development costs amounting ₱1,390 million
- b. FLI: Development costs amounting ₱739 million
- c. HLPDC, an affiliate of FLI: Four (4) adjoining parcels of land valued at ₱739 million located along Pioneer St., Mandaluyong City, 21,109 sqm

Further, the sharing of saleable units (inventories) of real estate revenue, cost of real estate sales and any common expenses incurred, are as follows: the Parent Company-50% and FLI-50%. Based on the foregoing, the Parent Company accounted for the joint arrangement as a jointly controlled operations and accordingly, recognized its share in the installment contract receivables, subdivision land, condominium and residential units for sale, deposits to joint venture partners, accounts payable, real estate sales and cost of real estate sales of the joint operations.

On December 6, 2017, the Parent Company executed an addendum agreement with HLPDC and FLI to discontinue the development of Phase II.

The following were the agreements included in the addendum:

- a. The development of the Project shall be limited to Phase 1;
- b. The discontinuance shall be without fault on either of the Parties. Accordingly, HLPDC and FLI shall reimburse RLC the amount of ₱193 million representing the non-development of four (4) towers of Phase II;
- c. Ownership and right of possession of the parcels of land corresponding to Phase II shall remain to be with HLPDC and shall be excluded from the provisions of the JVA.
- d. The perpetual right to use RLC's land contribution is limited to Phase I and to the adjacent properties owned by HLPDC, FLI or its affiliates.



The share of the Parent Company in the net assets and liabilities of the jointly controlled operations at December 31, 2019 and 2018 which are included in the consolidated financial statements follow:

Assets	2019	2018
Cash and cash equivalents	₱961,787,721	₱1,026,267,143
Receivables	507,047,094	214,465,202
Inventory	352,942,190	495,074,574
Other Assets	24,684,586	72,047,048
Total assets	₱1,846,461,591	₱1,807,853,967
Total liabilities	₱1,753,666,726	₱1,670,238,492

The following is the share of the Parent Company on the net income of the jointly controlled operations for the years ended December 31, 2019 and 2018:

	2019	2018
Realized sales	₱389,132,912	₱177,073,459
Interest and other income	25,890,660	59,207,139
	415,023,572	236,280,598
Cost of sales	314,067,343	70,889,146
General and administrative expenses	16,308,595	35,950,112
Income before income tax	84,647,633	201,341,564
Provision for income tax	21,079,580	55,007,239
Net income	₱63,568,053	₱146,334,325

There were no dividends declared in 2019 and 2018.

33. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of short-term loans, loans payable, lease liabilities, deposit from lessees, receivables from affiliated companies, payables to affiliated companies, utility deposits, receivables and cash and cash equivalents. The main purpose of these financial instruments is to raise fund for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from its operations.

The main risks currently arising from the Group's financial instruments are foreign currency market risk, liquidity risk, interest rate risk and credit risk. The BOD reviews and approves policies for managing each of these risks and they are summarized below, together with the related risk management structure.

Risk Management Structure

The Group's risk management structure is closely aligned with that of the Parent Company. The BOD of the Parent Company and the respective BODs of each subsidiary are ultimately responsible for the oversight of the Group's risk management processes that involve identifying, measuring, analyzing, monitoring and controlling risks.

The risk management framework encompasses environmental scanning, the identification and assessment of business risks, development of risk management strategies, design and implementation of risk management capabilities and appropriate responses, monitoring risks and risk management



performance, and identification of areas and opportunities for improvement in the risk management process.

Each BOD has created the board-level Audit Committee (AC) to spearhead the managing and monitoring of risks.

Audit Committee

The AC shall assist the Group's BOD in its fiduciary responsibility for the over-all effectiveness of risk management systems, and both the internal and external audit functions of the Group. Furthermore, it is also the AC's purpose to lead in the general evaluation and to provide assistance in the continuous improvements of risk management, control and governance processes.

The AC also aims to ensure that:

- a. financial reports comply with established internal policies and procedures, pertinent accounting and audit standards and other regulatory requirements;
- b. risks are properly identified, evaluated and managed, specifically in the areas of managing credit, market, liquidity, operational, legal and other risks, and crisis management;
- c. audit activities of internal and external auditors are done based on plan, and deviations are explained through the performance of direct interface functions with the internal and external auditors; and
- d. the Group's BOD is properly assisted in the development of policies that would enhance the risk management and control systems.

Enterprise Risk Management Group (ERMG)

To systematize the risk management within the Group, the ERMG was created to be primarily responsible for the execution of the enterprise risk management framework. The ERMG's main concerns include:

- a. recommending risk policies, strategies, principles, framework and limits;
- b. managing fundamental risk issues and monitoring of relevant risk decisions;
- c. providing support to management in implementing the risk policies and strategies; and
- d. developing a risk awareness program.

Support groups have likewise been created to explicitly manage on a day-to-day basis specific types of risks like trade receivables, supplier management, etc.

Compliance with the principles of good corporate governance is also one of the objectives of the BOD. To assist the BOD in achieving this purpose, the BOD has designated a Compliance Officer who shall be responsible for monitoring the actual compliance with the provisions and requirements of the Corporate Governance Manual and other requirements on good corporate governance, identifying and monitoring control compliance risks, determining violations, and recommending penalties on such infringements for further review and approval of the BOD, among others.

Risk Management Policies

The main risks arising from the use of financial instruments are foreign currency risk, liquidity risk, interest rate risk and credit risk. The Group's policies for managing the aforementioned risks are summarized below.



Market risk

Foreign Currency Risk

Foreign currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises from financial instruments that are denominated in United States Dollar (USD) which result primarily from movement of the Philippine Peso (PHP) against the USD.

The Group does not have any foreign currency hedging arrangements.

The table below summarizes the Group's exposure to foreign currency risk:

	December 31, 2019		December 31, 2018	
Assets				
Cash and cash equivalents	\$900,147	₱45,578,947	\$547,927	₱28,809,976
Liabilities				
Accounts payable and accrued expenses	483,259	24,469,776	431,915	22,710,086
Net foreign currency-denominated assets	\$416,888	₱21,109,171	\$116,012	₱6,099,890

	December 31, 2019		December 31, 2018	
Assets				
Cash and cash equivalents	RMB659,901,092	₱4,798,668,758	RMB15,032,760	₱114,850,286
Restricted cash	–	–	995,642,536	7,606,708,972
Liabilities				
Accounts payable and accrued expenses	101,213,015	736,000,799	77,008,156	588,342,313
Loans payable	–	–	216,116,142	1,651,127,328
Net foreign currency-denominated assets	RMB558,688,077	₱4,062,667,959	RMB1717,550,998	₱5,482,089,617

	December 31, 2019		December 31, 2018	
Assets				
Cash and cash equivalents	SGD1,632	₱61,401	SGD3,512	₱135,501

	December 31, 2019		December 31, 2018	
Assets				
Cash and cash equivalents	CAD2,470	₱95,608	₱–	₱–

The exchange rates used to translate the Group's USD-denominated assets and liabilities as of December 31, 2019 and 2018 follow:

	December 31, 2019	December 31, 2018
US Dollar - Philippine Peso exchange rate	₱50.64 to US\$1.00	₱52.58 to US\$1.00
Chinese Yuan - Philippine Peso exchange rate	₱7.27 to RMB1.00	₱7.64 to RMB1.00



The following table sets forth the impact of the range of reasonably possible changes in the USD-PHP exchange rate on the Group's income before income tax for the year ended December 31, 2019 and 2018.

Reasonably Possible Changes in USD-PHP Exchange Rates	Change in Income Before Income Tax
<u>December 31, 2019</u>	
2.0% PHP appreciation	(P422,182)
2.0% PHP depreciation	422,182
<u>December 31, 2018</u>	
2.0% PHP appreciation	(P121,998)
2.0% PHP depreciation	121,998
Reasonably Possible Changes in RMB-PHP Exchange Rates	Change in OCI
<u>December 31, 2019</u>	
2.0% PHP appreciation	(P81,253,359)
2.0% PHP depreciation	81,253,359
<u>December 31, 2018</u>	
2.0% PHP appreciation	(P109,560,034)
2.0% PHP depreciation	109,560,034

Sensitivity to foreign exchange rates is calculated on the Group's foreign currency denominated assets and liabilities, assuming a more likely scenario of foreign exchange rate of USD-PHP that can happen within 12 months after reporting date using the same balances of financial assets and liabilities as of reporting date.

The Group does not expect the impact of the volatility on other currencies to be material.

Liquidity risk

Liquidity risk is the risk arising from the shortage of funds due to unexpected events or transactions. The Group manages its liquidity profile to be able to finance the capital expenditures and service the maturing debts. To cover the financing requirements, the Group intends to use internally generated funds and proceeds from debt and equity offerings.

The following table summarizes the maturity profile of the Group's financial assets and financial liabilities as of December 31, 2019 and 2018, based on contractual undiscounted cash flows. The table also analyses the maturity profile of the Group's financial assets in order to provide a complete view of the Group's contractual commitments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates.



Balances due within six (6) months equal their carrying amounts, as the impact of discounting is insignificant.

	December 31, 2019					
	On Demand	1 to 3 months	4 to 12 months	More than 1 year but less than 5 years	5 years or more	Total
<i>Financial assets at amortized cost</i>						
Cash and cash equivalents	₱6,338,788,195	₱721,650,328	₱–	₱–	₱–	₱7,060,438,523
Receivables						
Trade	1,257,572,139	888,786,336	175,560,681	824,696,821	1,522,665,241	4,669,281,218
Affiliated companies	1,355,316,367	–	–	–	–	1,355,316,367
Others	35,316,134	697,396,765	67,020,060	–	–	799,732,959
Other assets						
Restricted cash	2,533,017,832	–	–	–	–	2,533,017,832
Utility deposits	8,417,364	–	–	510,878,279	233,501,843	752,797,486
Total financial assets	11,528,428,031	2,307,833,429	242,580,741	1,335,575,100	1,756,167,084	17,170,584,385
Contract assets	–	1,186,966,513	2,094,841,520	3,571,300,104	4,960,178,893	11,813,287,030
Total financial assets and contract assets	₱11,528,428,031	₱3,494,799,942	₱2,337,422,261	₱4,906,875,204	₱6,716,345,977	₱28,983,871,415
Accounts payable and accrued expenses	₱3,414,792,863	₱6,000,221,826	₱2,824,471,791	₱601,897,208	₱2,113,477,833	₱14,954,861,521
Payables to affiliated companies and others (included under Deposits and other current liabilities)	163,251,787	–	–	–	–	163,251,787
Deposits from lessees	–	1,432,862,955	1,495,736,314	1,764,874,057	1,406,670,869	6,100,144,195
Loans payable and future interest payment	–	9,168,537,285	1,010,879,696	28,726,359,279	4,697,440,697	43,603,216,957
Other financial liabilities	₱3,578,044,650	₱16,601,622,066	₱5,331,087,801	₱31,093,130,544	₱8,217,589,399	₱64,821,474,460

	December 31, 2018					
	On Demand	1 to 3 months	4 to 12 months	More than 1 year but less than 5 years	5 years or more	Total
Cash and cash equivalents	₱1,129,430,200	₱1,414,410,627	₱–	₱–	₱–	₱2,543,840,827
Receivables						
Trade	1,085,800,675	966,656,728	237,352,358	892,906,428	673,158,434	3,855,874,623
Affiliated companies	207,635,524	–	–	–	–	207,635,524
Others	30,590,863	167,861,293	66,474,447	–	–	264,926,603
Other assets						
Restricted cash	7,607,789,241	–	–	–	–	7,607,789,241
Utility deposits	7,831,041	–	–	558,738,138	233,442,871	800,012,050
Total financial assets	10,069,077,544	2,548,928,648	303,826,805	1,451,644,566	906,601,305	15,280,078,868
Contract assets	–	2,067,637,493	2,499,046,538	5,419,379,334	702,507,889	10,764,362,285
Total financial assets and contract assets	₱10,069,077,544	₱4,616,566,141	₱2,802,873,343	₱6,871,023,900	₱1,609,109,194	₱26,044,441,153
Accounts payable and accrued expenses	₱2,958,788,007	₱5,386,449,769	₱3,850,806,462	₱908,418,034	₱1,670,432,660	₱14,774,894,932
Payables to affiliated companies and others (included under Deposits and other current liabilities)	245,560,778	–	–	–	–	245,560,778
Deposits from lessees	–	1,326,597,382	1,332,081,610	1,847,971,470	802,800,443	5,309,450,905
Loans payable and future interest payment	–	1,450,394,536	1,057,821,292	4,509,498,021	631,982,342	7,649,696,191
Other financial liabilities	₱3,204,348,785	₱8,163,441,687	₱6,240,709,364	₱7,265,887,525	₱3,105,215,445	₱27,979,602,806

The Group seeks to manage its liquidity profile to be able to service its maturing debts and to finance capital requirements. The Group maintains a level of cash and cash equivalents deemed sufficient to finance operations. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund-raising activities. Fund-raising activities may include bank loans and capital market issues both onshore and offshore.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk for changes in market interest rates relates primarily to the Group's long-term debt obligation with a floating interest rate.



The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts, whenever it's advantageous to the Group.

The Group has no financial instruments with variable interest rates exposed to interest rate risk as of December 31, 2019 and 2018.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily from cash and cash equivalents and receivables).

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis. These measures result in the Group's exposure to impairment loss as not significant.

With respect to credit risk arising from the Group's financial assets, which comprise of cash and cash equivalents and receivables, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

a. Credit risk exposure

The table below shows the gross maximum exposure to credit risk of the Group as of December 31, 2019 and 2018 without considering the effects of collaterals and other credit risk mitigation techniques:

	2019	2018
Cash and cash equivalents (net of cash on hand)	₱7,031,435,021	₱2,514,810,790
Receivables - net		
Trade receivables		
Installment contract receivable - at amortized cost	304,213,221	248,215,352
Installment contract receivable - at FVOCI	990,081,179	785,221,675
Rental receivables	1,008,736,134	1,412,745,318
Accrued rent receivable	1,672,789,954	1,256,405,124
Hotel operations	693,460,730	153,287,154
Affiliated companies	1,355,316,367	207,635,524
Other receivables	799,732,959	264,926,603
Contract assets	10,850,174,053	10,764,362,285
Other assets		
Restricted cash – escrow	2,533,017,832	7,607,789,241
Utility deposits	752,797,486	800,012,050
Financial assets at fair value through OCI	91,674,297	–
	₱28,083,429,233	₱26,015,411,116

The credit risk on installment contract receivables is mitigated because the corresponding title to the subdivision units sold under this arrangement is transferred to the buyers only upon full payment of the contract price.



High grade accounts, other than cash and cash equivalents, are accounts considered to be of high value. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits. Receivable from installment contract receivables are considered high grade as title of the real estate property of the subject receivable passes to the buyer once fully paid. Standard grade accounts are active accounts with propensity of deteriorating to mid-range age buckets. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

Substandard grade accounts are accounts which have probability of impairment based on historical trend. These accounts show propensity to default in payment despite regular follow-up actions and extended payment terms.

34. Financial Instruments

The carrying amount of cash and cash equivalents, trade receivables (except installment contract receivables), other receivables, utility deposits, receivable and payable to affiliated companies and accounts payable and accrued expenses are approximately equal to their fair value due to the short-term nature of the transaction.

Set out below is a comparison of carrying amounts and fair values of installment contract receivables, deposits from lessees and loans payable that are carried in the consolidated financial statements.

	December 31, 2019		December 31, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Installment contract receivable				
Measured at amortized cost	₱304,213,221	₱293,559,365	₱283,447,326	₱265,449,828
Measured at FVOCI	990,081,179	990,081,179	785,221,675	785,221,675
Equity investment at FVOCI	91,674,297	91,674,297	—	—
Deposits from lessees	6,100,144,195	5,535,394,216	5,309,450,905	4,570,524,401
Lease liabilities	1,935,884,238	1,586,920,563	—	—
Loans payable	34,715,272,176	13,741,562,945	37,385,239,001	7,649,696,191

The fair values of installment contract receivables, customers' deposits, lease liabilities and loans payable are based on the discounted value of future cash flows using the applicable rates for similar types of loans and receivables as of reporting date. The discount rates used range from 3.6% to 4.3% as of December 31, 2019 and 3.0% to 4.7% as of December 31, 2018.

The fair value of equity investments at FVOCI are based on discounted value of future cash flows using the applicable rate of 11.8% to 12.5% as of December 31, 2019.

Fair Value Hierarchy

The Group uses the following hierarchy for determining the fair value of financial instruments:

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

Level 2: - other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: - techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.



The fair value of installment contract receivables, deposits from lessees and loans payable disclosed in the consolidated financial statements is categorized within level 3 of the fair value hierarchy. There has been no reclassification from Level 1 to Level 2 or 3 category.

35. Registration with the Board of Investments (BOI) and the Philippine Economic Zone Authority (PEZA)

Certain operations of the Group are registered with the BOI and PEZA as preferred pioneer and non-pioneer activities. As registered enterprises, these consolidated subsidiaries are subject to some requirements and are entitled to certain tax and non-tax incentives which are considered in the computation of the provision for income tax.

Dusit Thani Mactan Cebu Resort

The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “New Operator of Tourist Accommodation Facility (Dusit Thani Mactan Cebu Resort)” on a Non-Pioneer status at a capacity of two hundred seventy two (272) rooms, under Certificate of Registration No. 2019-061 dated March 28, 2019. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from March 2019 to March 2023.

Summit Hotel Greenhills

The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “New Operator of Tourist Accommodation Facility (Summit Hotel Greenhills)” on a Non-Pioneer status at a capacity of one hundred (100) rooms, under Certificate of Registration No. 2019-093 dated May 15, 2019. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from July 2019 to June 2023.

Go Hotel, Iloilo

The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “New Operator of Tourist Accommodation Establishment (Hotel - Go Hotel, Iloilo)” on a Non-Pioneer status at a capacity of one hundred sixty seven (167) rooms, under Certificate of Registration No. 2014-016 dated January 29, 2014. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from January 2014 to January 2018.

Go Hotel, Butuan

The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “New Operator of Tourist Accommodation Establishment (Hotel - Go Hotel, Butuan)” on a Non-Pioneer status at a capacity of one hundred four (104) rooms, under Certificate of Registration No. 2014-214 dated December 5, 2014. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from January 2015 to December 2019.

Escalades East Tower

The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “Mass Housing” on a Non-Pioneer status at a capacity of two hundred twenty six (226) units, under Certificate of Registration No. 2014-197 dated November 6, 2014. Under the terms of its registration, the Group is entitled to income tax holiday for a period of three (3) years from November 10, 2014 to November 9, 2017.



Axis Residences (Phase 1)-Tower A

The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “Mass Housing” on a Non-Pioneer status at a capacity of four hundred fifty six (456) units, under Certificate of Registration No. 2015-048 dated February 26, 2015. Under the terms of its registration, the Group is entitled to income tax holiday for a period of three (3) years from February 27, 2015 to February 26, 2018.

The Pearl Place - Tower B

The Parent Company is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “Mass Housing” on a Non-Pioneer status at a capacity of four hundred forty six (446) units, under Certificate of Registration No. 2016-159 dated August 3, 2016. Under the terms of its registration, the Group is entitled to income tax holiday for a period of three (3) years from October 2016 to October 2019.

Acacia Escalades-(Phase 2)-Building B

The Parent Company is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “Mass Housing” on a Non-Pioneer status at a capacity of two hundred eighty-six (286) units, under Certificate of Registration No. 2016-264 dated December 22, 2016. Under the terms of its registration, the Group is entitled to income tax holiday for a period of three (3) years from January 2018 to January 2021.

Axis Residences (Phase 1)-Tower B

The Parent Company is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “Mass Housing” on a Non-Pioneer status at a capacity of four hundred fifty-six (456) units, under Certificate of Registration No. 2016-263 dated December 22, 2016. Under the terms of its registration, the Group is entitled to income tax holiday for a period of three (3) years from August 2018 to August 2021.

Go Hotels Davao, Inc.

The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “New Operator of Tourist Accommodation Facility (Go Hotels Lanang - Davao City)” on a Non-Pioneer status at a capacity of one hundred eighty three (183) rooms, under Certificate of Registration No. 2015-266 dated December 3, 2015. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from January 2016 to December 2019.

Summit Hotel Tacloban

The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “New Operator of Tourist Accommodation Facility (Summit Hotel Tacloban)” on a Non-Pioneer status at a capacity of one hundred thirty eight (138) rooms, under Certificate of Registration No. 2017-236 dated August 16, 2017. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from April 2018 to March 2022.

Go Hotel, Iligan

The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “New Operator of Tourist Accommodation Establishment (Hotel - Go Hotel, Iligan)” on a Non-Pioneer status at a capacity of one hundred (100) rooms, under Certificate of Registration No. 2017-235 dated August 16, 2017. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from April 2018 to March 2022.



Robinsons Cyberpark

The Group is also registered with PEZA (beginning October 1, 2004) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution No. 00-262 dated August 17, 2003, for creating and designating 68,596 square meters of land located at EDSA corner Pioneer Street, Mandaluyong City as an IT Park to be known as The Robinsons Cyberpark. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Robinsons Cybergate Center

The Group is also registered with PEZA (beginning February 8, 2006) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution No. 00-262 dated August 17, 2003, for creating and designating 11,125 square meters of land located at Araneta Singcang St., Barrio Tangub, National Road, Bacolod City, Negros Occidental as an IT Park to be known as The Robinsons Cybergate Center. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Robinsons Place Lipa

The Group is also registered with PEZA (beginning November 3, 2006) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution No. 00-262 dated August 17, 2003, for creating and designating 65,399 square meters of land located at JP Laurel Highway, Mataas na Lupa, Lipa City, Batangas as an IT Park to be known as The Robinsons Place Lipa. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Robinsons Big Supercenter Cainta Junction

The Group is also registered with PEZA (beginning October 28, 2005) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution No. 00-262 dated August 17, 2003, for creating and designating 19,522 square meters of land located at Ortigas Avenue Extension, Cainta Junction, Cainta, Rizal as an IT Park to be known as The Robinsons Cyberpark. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Robinsons Luisita

The Group is also registered with PEZA (beginning January 5, 2017) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution No. 16-694 dated December 9, 2016, for the construction of an additional floor area of 6,306 square meters, more or less, for annexation to the existing Robinsons Luisita IT Center located along McArthur Highway, San Miguel, Tarlac City. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Robinsons Cybergate Naga

The Group is also registered with PEZA (beginning May 12, 2017) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution No. 15-715 dated December 17, 2015, for creating and designating a building, which stands on a 24,807-square meter, more or less, lot located at Naga Diversion Road corner Almeda Highway, Brangay Triangulo, Naga City as an IT Center, to be known as Robinsons Cybergate Naga. Under the terms of its registration,



the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Robinsons Cyberpark Davao

The Group is also registered with PEZA (beginning October 3, 2017) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution No. 16-377 dated June 28, 2016, for creating and designating 12,022 square meters, more or less, of land located along J.P. Laurel Avenue, Davao City as an IT Park, to be known as Robinsons Cyberpark Davao. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Robinsons Galleria Cebu

The Group is also registered with PEZA (beginning July 12, 2013) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 12-001 dated January 17, 2012, for creating and designating a building with an area of 46,345 square meters, more or less, located at General Maxilom Avenue, Cebu City as Information Technology (IT) Center, to be known as Robinsons Galleria Cebu. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives under RA 7916, as amended.

Robinsons Place Ilocos Norte Expansion

The Group is also registered with PEZA (beginning May 28, 2016) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 15-271 dated May 13, 2016, for creating and designating a building located at Barangay 1 San Francisco, San Nicolas, Ilocos Norte, with an aggregate land area of 26,537 square meters, more or less, as Information Technology (IT) Center, to be known as Robinsons Place Ilocos Norte Expansion. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Cyberscape Gamma

The Group is also registered with PEZA (beginning July 16, 2015) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 15-377 dated January 16, 2015, for creating and designating a building which stands on a 1,954.50 square meters, more or less, lot located at Topaz and Ruby Roads, Ortigas Center, Pasig City as Information Technology (IT) Center, to be known as Cyberscape Gamma. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives.

Robinsons Starmills Pampanga

The Group is also registered with PEZA (beginning September 11, 2007) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution No. 06-544 dated November 28, 2006, for creating and designating a building established on parcels of land containing an aggregate area of 238,324 square meters, more or less, located at Gapan-Olongapo Road, Brgy. San Jose, San Fernando, Pampanga as an Information Technology (IT) Center, to be known as Robinsons Starmills Pampanga. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives.



On May 23, 2017, the Group also registered for the construction, operation, and management of a 6-level building with a gross floor area of 12,503.25 square meters to be annexed into its existing Robinsons Starmills Pampanga IT Center under resolution No. 17-276. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime

Robinsons Summit Center

The Group is also registered with PEZA (beginning September 1, 2006) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 04-387 dated November 22, 2004, for creating and designating a building which stands on two parcels of land with an aggregate area of 2,430 square meters, more or less, lot located at 6783 Ayala Avenue, Salcedo Village, Barangay Bel-Air, Makati City, as Information Technology (IT) Building, to be known as JG Summit Center. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives.

Robinsons Equitable Tower

The Group is also registered with PEZA (beginning July 21, 2003) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 03-129 dated May 28, 2003, for creating and designating a 2,832 square meters parcel of land with an existing 43 storey condominium office building, located at ADB Avenue corner Poveda Street, Pasig city, as an Information Technology (IT) Zone to be known as Robinsons Equitable Tower. Under the terms of its registration, the Group, as the Developer/Operator of the IT Zone, shall not be entitled to PEZA incentives.

Cyberscape Alpha

The Group is also registered with PEZA (beginning January 4, 2013) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 11-665 dated November 25, 2011, for creating and designating a building located at Sapphire and Garnet Roads, Ortigas Center, Pasig City, as Information Technology (IT) Center, to be known as Cyberscape Alpha. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives.

Cyberscape Beta

The Group is also registered with PEZA (beginning November 22, 2012) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution No. 11-624 dated November 8, 2011, for creating and designating a building located at Topaz and Ruby Roads, Ortigas Center, Pasig City, containing an area of 1,955 square meter, more or less (a portion of Lot 2-C) as an Information Technology (IT) Center, henceforth to be known as Cyberscape Beta. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives.

Robinsons Cybergate Cebu

The Group is also registered with PEZA (beginning October 28, 2009) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 08-312 dated June 26, 2008, for creating and designating 4,772 square meter, more or less, of land located at Don Gil Street, Barangay Capitol Site, Cebu City, as an



Information Technology Center, to be known as Robinsons Cybergate Cebu. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives.

Bridgetowne

The Group is also registered with PEZA (beginning June 26, 2015) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 13-182 dated March 22, 2013, for creating and designating several parcels of land located along C-5 Road, Ugong Norte, Quezon City, with an aggregate area of 79,222 square meters as Information Technology (IT) Park, to be known as Bridgetowne. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives.

Cyber Sigma

The Group is also registered with PEZA (beginning December 16, 2016) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution No. 15-027 dated January 30, 2015, for creating and designating a building with a gross floor area of 79,124.33 square meters as an Information Technology Center to be known as the Cyber Sigma which stands on a parcel of land located along Lawton Avenue, Bonifacio South, Taguig City containing an aggregate area of 5,000 square meters more or less. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives.

36. Commitments and Contingencies

Operating Lease Commitments - Group as Lessor

The Group has entered into commercial property leases on its investment property portfolio. These noncancellable leases have remaining noncancellable lease terms of between 1 and 10 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions. The lease contracts also provide for the percentage rent, which is a certain percentage of actual monthly sales or minimum monthly gross sales, whichever is higher. Total rent income amounted to ₱15,420 million, ₱13,548 million and ₱11,582 million for the years ended December 31, 2019, 2018 and 2017, respectively. Total percentage rent recognized as income for the years ended December 31, 2019, 2018 and 2017 amounted to ₱3,867 million, ₱3,515 million and ₱3,067 million, respectively.

Future minimum rentals receivable under noncancellable operating leases follows:

	December 31	
	2019	2018
Within one (1) year	₱14,346,692,713	₱11,590,512,976
After one (1) year but not more than five (5) years	17,739,106,757	17,971,125,898
After more than five (5) years	5,146,915,176	2,377,232,451
	₱37,232,714,646	₱31,938,871,325



Finance Lease Commitments - Group as Lessor

The Group has significantly entered into residential property leases on its residential condominium unit's portfolio. These leases have lease period of 5 to 10 years and the lessee is given the right to purchase the property anytime within the lease period provided that the lessee any arrears in rental payment, condominium dues and other charges.

Future minimum lease payments under finance lease with the present value of future minimum lease payment as of December 31, 2019 and 2018 follow:

	December 31, 2019	
	Minimum Lease Payments	Present Value of Minimum Lease Payments
Within one (1) year	₱527,064,357	₱508,606,027
After one (1) year but not more than five (5) years	288,662,164	256,322,263
After more than five (5) years	78,023,547	63,354,682
Total minimum lease payments	₱893,750,068	₱828,282,972

	December 31, 2018	
	Minimum Lease Payments	Present Value of Minimum Lease Payments
Within one (1) year	₱552,580,889	₱517,494,745
After one (1) year but not more than five (5) years	302,637,036	247,180,550
After more than five (5) years	81,800,866	58,213,995
Total minimum lease payments	₱937,018,791	₱822,889,290

Group as a lessee

The Group has lease contracts for various parcels of land used in its operations. Leases of land generally have lease terms between 25 and 50 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

Right-of-use assets

The rollforward analysis of this account for the year ended December 31, 2019 follows:

	Right-of-Use: Land
Cost	
At January 1, as previously reported	₱—
Effect of adoption of standard (see Note 3)	1,380,551,087
At January 1, as restated, and as at December 31	1,380,551,087
Accumulated Depreciation and Amortization	
At January 1	—
Effect of adoption of standard (Note 3)	152,552,800
At January 1, as restated	152,552,800
Depreciation (Note 26)	56,264,289
At December 31	208,817,089
Net book value	₱1,171,733,998



The following are the amounts recognized in the consolidated statement of comprehensive income for the year ended December 31, 2019:

	2019
Depreciation expense of right-of-use assets	₱56,264,289
Interest expense on lease liabilities	145,565,692
Variable lease payments (included in cost of sales)	(98,488,847)
	<u>₱103,341,134</u>

Lease liabilities

The rollforward analysis of lease liabilities follows:

	2019
As at January 1, 2019, as previously reported	₱–
Effect of adoption of PFRS 16 (Note 3)	1,888,807,393
At January 1, 2019, as restated	1,888,807,393
Interest expense (Note 28)	145,565,692
Payments	(98,488,847)
As at December 31, 2019	<u>₱1,935,884,238</u>

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 4).

Future minimum rentals payable under noncancellable operating leases are as follows:

	December 31	
	2019	2018
Within one (1) year	₱138,995,906	₱128,337,691
After one (1) year but not more than five (5) years	630,780,039	589,327,721
After more than five (5) years	5,767,109,430	5,953,173,907
	<u>₱6,536,885,375</u>	<u>₱6,670,839,319</u>

Capital Commitments

The Group has contractual commitments and obligations for the construction and development of investment properties and property and equipment items aggregating ₱10,338 million and ₱7,219 million as of December 31, 2019 and 2018, respectively. Moreover, the Group has contractual obligations amounting to ₱5,622 million and ₱5,646 million as of December 31, 2019 and 2018, respectively, for the completion and delivery of real estate units that have been presold.

Contingencies

The Group has various collection cases or claims against or from its customers and certain tax assessments, arising in the ordinary conduct of business which are either pending decision by the courts or being contested, the outcome of which are not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Group's financial position and results of operations. The



Group does not believe that such assessments will have a material effect on its operating results and financial condition. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the outcome of pending assessments.

37. Notes to the Consolidated Statements of Cash Flows

Noncash investing activities pertain to the following:

2019

- Transfers from investment properties to subdivision land, condominium and residential units for sale amounted to ₱318 million
- Transfers from investment properties to property and equipment amounted to ₱102 million
- Transfers from subdivision land, condominium and residential units for sale to property and equipment amounted to ₱132 million
- Transfers from other current assets to investment properties amounting to ₱33 million

2018

- Transfers from investment properties to subdivision land, condominium and residential units for sale amounted to ₱2,072 million
- Transfers from investment properties to other current assets amounted to ₱3 million
- Transfers from other current assets to investment properties amounting to ₱1,458 million

2017

- Transfers from investment properties to property and equipment amounted to ₱73 million
- Transfers from subdivision land, condominium and residential units for sale to investment properties amounted to ₱1,040 million
- Transfers from subdivision land, condominium and residential units for sale to property and equipment amounted to ₱38 million
- Transfers from other current assets to investment properties amounting to ₱758 million

Details of the movement in cash flows from financing activities follow:

	For the Year Ended December 31, 2019					
	January 1, 2019	Cash flows	Non-cash Changes			December 31, 2019
			Foreign exchange movement	Changes on fair values	Other	
Loans payable	₱36,488,539,001	(₱1,806,127,328)	₱-	₱-	₱32,860,503	₱34,715,272,176
Lease liabilities	1,888,807,393	(98,488,847)	-	-	145,565,692	1,935,884,238
Short term loans	896,700,000	7,595,000,000	-	-	-	8,491,700,000
Advances for marketing and promotional fund and others	466,576,140	(12,011,808)	-	-	-	454,564,332
Accrued interest payable	322,322,878	(908,519,292)	-	-	907,257,726	321,061,312
Payables to affiliated companies and others	245,560,778	(83,852,149)	-	-	1,543,158	163,251,787
Dividends payable	43,304,321	(2,602,812,061)	-	-	2,602,795,343	43,287,603
Total liabilities from financing activities	₱40,351,810,511	₱2,083,188,515	₱-	₱-	₱3,690,022,422	₱46,125,021,448



For the Year Ended December 31, 2018

	January 1, 2018	Cash flows	Non-cash Changes		Other	December 31, 2018
			Foreign exchange movement	Changes on fair values		
Loans payable	₱35,661,162,154	₱795,863,618	₱-	₱-	₱31,513,229	₱36,488,539,001
Short term loans	15,693,400,000	(14,796,700,000)	-	-	-	896,700,000
Advances for marketing and promotional fund and others	445,815,349	20,760,791	-	-	-	466,576,140
Accrued interest payable	370,835,301	(853,111,456)	-	-	804,599,033	322,322,878
Payables to affiliated companies and others	222,937,926	22,622,852	-	-	-	245,560,778
Dividends payable	40,990,210	(1,867,464,936)	-	-	1,869,779,047	43,304,321
Total liabilities from financing activities	₱52,435,140,940	(₱16,678,029,131)	₱-	₱-	₱2,705,891,309	₱38,463,003,118

Other includes amortization of debt issue cost, declaration of dividends and accrual of interest expense on loans.

