



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

March 08, 2022


**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, 2021, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

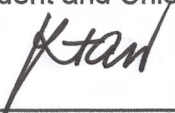
Sycip, Gorres, Velayo and Co. (SGV), the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation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



Lance Y. Gokongwei
Chairman




Frederick D. Go
President and Chief Executive Officer



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

Signed this 08 day of March
Doc. No. _____
Page No. 91
Book No. 86
Series of 2022

SUBSCRIBED AND SWORN to before me
this day MAR 8 2022 at Q.C.


ATTY. **CONCHITA VILLARENA**
Notary Public for Quezon City
Until December 31, 2024
PTR No. 2442851 / January 3, 2022 Q.C
IBP No. 167802 / November 25, 2021 Q.C
Roll No. 30457 / 05-09-1980
MCLE VI-0030379 / 02-21-2020
ADM. MATTER No. NP-005 (2022-2023)
TIN NO. 131-942-754

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
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 accompanying consolidated financial statements of Robinsons Land Corporation (the Parent Company) and its subsidiaries (collectively referred to as “the Group”), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, 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, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 2 to the consolidated financial statements which indicates that the consolidated financial statements have been prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission in response to the COVID-19 pandemic. The impact of the application of the financial reporting reliefs on the 2021 consolidated financial statements are discussed in detail in Note 2. Our opinion is not modified in respect of this matter.



Key Audit Matters

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

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

Real Estate Revenue Recognition

The Group's revenue recognition process, policies and procedures are significant to our audit because these involve the application of significant judgment and estimation in the following areas: (1) assessment of the probability that the Group will be able to collect the consideration from the buyer; (2) application of the input method as the measure of progress of project completion in determining the revenue to be recognized; (3) determination of the actual costs incurred as cost of sales; and (4) recognition of costs to obtain a contract. In the Group's China operations, revenue is recognized at the end of the project when the contract has been substantially completed and acceptance of the buyer of the real estate inventory sold. Significant judgment is required to determine that the project is completed or substantially completed.

In evaluating whether collectability of the amount of consideration is probable, the Group considers the significance of the buyer's initial payments (or buyer's equity) in relation to the total contract price. Collectability is also assessed by considering factors such as past collection history with the buyer, age and pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs, after considering the impact of the COVID-19 pandemic, if such would continue to support the Group's current threshold of buyers' equity before commencing revenue recognition.

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

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

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



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

In 2021, the Group's real estate revenue and costs include revenue recognition from the Group's real estate operations in China. In recording its revenues, taking into account the contract terms, business practice and the legal and regulatory environment in China, it uses Completed Contract method (CCM) in accordance with PFRS 15. Under this method, all the revenue and profit associated with the sale of the real estate inventories is recognized only after the completion of the project.

The disclosures related to the real estate revenue are included in Note 21 to the consolidated financial statements.

Audit Response

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

For the buyers' equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales cancellations and back-outs of buyers with accumulated payments above the collection threshold. We also considered the impact of the COVID-19 pandemic to the level of cancellations during the year. We traced the analysis to supporting documents such as deed of cancellation.

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

For the application of the input method in determining real estate revenue and for determining cost of sales, we obtained an understanding of the Group's processes for determining the POC, including the cost accumulation process, and for determining and updating total estimated costs, and performed tests of the relevant controls on these processes. We assessed the competence and objectivity of the project engineers by reference to their qualifications, experience and reporting responsibilities. For selected projects, we traced costs accumulated, including those incurred but not yet billed costs, to the supporting documents such as purchase order, billings and invoices of contractors and other documents evidencing receipt of materials and services from suppliers and contractors. We visited selected project sites and made relevant inquiries, including inquiries on how the COVID-19 pandemic affected the POC during the period, with project engineers. We performed test computation of the percentage of completion calculation of management. For selected projects, we obtained the approved total estimated costs and any revisions thereto and the supporting details such as capital fulfillment plan, capital expenditure requests and related executive committee approvals. We likewise performed inquiries with the project engineers for the revisions.



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

For the revenue recognition of the Group's real estate operations in China reported under CCM, we coordinated with the non-EY auditors of the Group in China on certain audit procedures and shared information that may be relevant to their audit. However, we have no responsibility for the procedures they performed or for their report. Also, we coordinated with our EY network firm in China (EY Hua Ming Chengdu Office) to perform planning, risk identification and review of audit procedures performed by the non-EY auditors of the Group in China. Based on the reports obtained and reviewed, the non-EY auditors in China performed tests of the relevant controls on revenue process, verified the revenue and costs recognized, obtained and assessed relevant licenses including communications to buyers that real estate inventories are ready for acceptance, obtained signed notice of acceptance or equivalent documentation from the buyers, obtained and evaluated accomplishment reports, and validated that the revenue and costs are recognized in the correct period.

Recoverability of Property and Equipment and Right-of-Use Assets of Hotels and Resorts Segment

In view of the continuing community quarantines and restricted travel, the Group's hotels division continues to be adversely affected by the lower number of guests and reduced room rates, both of which have significantly impacted the revenues reported for this segment. Also, many restaurants remained closed or allowed limited operations which impacted the food and beverage revenues of this segment. These events and conditions are impairment indicators requiring the assessment of the recoverable amount of the hotel division's property and equipment and right-of-use assets, which involves significant judgment, estimation and assumptions about occupancy rates, average room rates, gross margin, as well as external inputs such as discount rate. In addition, because of the COVID-19 pandemic, there is the heightened level of uncertainty on the future economic outlook and market forecast. Accordingly, such impairment assessment and testing is a key audit matter in our audit.

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

Audit Response

We involved our internal specialist in evaluating the methodology and the assumptions used in estimating the recoverable amount. These assumptions include occupancy rates, average room rates, gross margin as well as external inputs such as discount rate. We compared the key assumptions used such as occupancy rates, average room rates and gross margin against industry forecasts and with historical information, adjusted to take into consideration the impact associated with the COVID-19 pandemic. We tested the discount rate by comparing against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically, those that have the most significant effect on the determination of the recoverable amount of property and equipment and right-of-use assets.



Other Information

Management is responsible for Other Information. Other Information comprises the information included in SEC Form 20 IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 but does not include the consolidated financial statements and our auditor's report thereon. SEC Form 20 IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditor's report.

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, as modified by the application of financial reporting relief issued and approved by the SEC as described in Note 2 to the consolidated financial statements, 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 accordance with PFRSs, as modified by the application of financial reporting relief issued and approved by the SEC as described in Note 2 to the consolidated financial statements.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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



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

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

SYCIP GORRES VELAYO & CO.



Michael C. Sabado

Partner

CPA Certificate No. 89336

Tax Identification No. 160-302-865

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

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

November 11, 2019, valid until November 10, 2022

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-073-2020, December 3, 2020, valid until December 2, 2023

PTR No. 8854360, January 3, 2022, Makati City

March 8, 2022



ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 7, 20 and 31)	₱18,649,773,784	₱14,004,258,784
Receivables (Notes 4, 8, 20, 31 and 32)	15,493,189,403	14,430,226,330
Subdivision land, condominium and residential units for sale (Note 9)	37,679,441,733	41,251,901,420
Other current assets (Notes 10, 31 and 32)	4,754,523,164	9,266,903,518
Total Current Assets	76,576,928,084	78,953,290,052
Noncurrent Assets		
Noncurrent receivables (Notes 4, 8, 20, 31 and 32)	7,549,521,416	7,861,430,860
Investment properties (Note 11)	124,939,053,875	109,418,090,261
Property and equipment (Note 12)	8,689,979,440	8,507,694,022
Investments in joint ventures (Note 30)	2,590,847,311	2,372,704,894
Right-of-use assets (Note 34)	1,198,810,590	1,112,302,766
Other noncurrent assets (Notes 13, 20, 31 and 32)	6,404,798,306	6,975,212,202
Total Noncurrent Assets	151,373,010,938	136,247,435,005
	₱227,949,939,022	₱215,200,725,057
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 14, 31, 32 and 34)	₱17,699,187,206	₱14,864,324,397
Contract liabilities, deposits and other current liabilities (Notes 4, 15, 20, 31, 32 and 34)	19,792,723,248	31,332,429,313
Income tax payable	30,520,299	122,862,687
Current portion of loans payable (Notes 16, 31 and 32)	10,790,500,000	6,655,000,000
Total Current Liabilities	48,312,930,753	52,974,616,397
Noncurrent Liabilities		
Loans payable - net of current portion (Notes 16, 31 and 32)	36,252,364,144	46,948,778,783
Deferred tax liabilities - net (Note 27)	3,237,136,115	4,791,021,943
Contract liabilities, deposits and other noncurrent liabilities (Notes 4, 17, 20, 29, 31, 32 and 34)	9,797,543,987	7,768,276,299
Total Noncurrent Liabilities	49,287,044,246	59,508,077,025
	₱97,599,974,999	₱112,482,693,422

(Forward)



	December 31	
	2021	2020
Equity		
Equity attributable to equity holders of the Parent Company		
Capital stock (Note 19)	₱5,193,830,685	₱5,193,830,685
Additional paid-in capital (Note 19)	39,040,182,917	39,041,328,236
Treasury stock (Notes 19)	(438,191,348)	–
Equity reserves (Note 19)	17,701,192,360	–
Other comprehensive income:		
Remeasurements of net defined benefit liability - net of tax (Note 29)	(143,416,050)	(181,085,495)
Fair value reserve of financial assets at FVOCI - net of tax (Notes 8, 13 and 32)	48,990,485	66,002,704
Cumulative translation adjustment (Note 4)	35,220,967	(102,703,543)
Retained earnings (Note 18)		
Unappropriated	39,068,956,487	31,821,949,324
Appropriated	25,500,000,000	26,000,000,000
	126,006,766,503	101,839,321,911
Non-controlling interest (Note 2)	4,343,197,520	878,709,724
	130,349,964,023	102,718,031,635
	₱227,949,939,022	₱215,200,725,057

See accompanying Notes to Consolidated Financial Statements.



ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2021	2020, (As restated - see Note 3)	2019, (As restated - see Note 3)
REVENUE (Notes 6 and 21)			
Real Estate Operations			
Rental income (Notes 11, 15, 21 and 34)	₱11,056,317,537	₱10,617,088,269	₱15,420,499,255
Real estate sales (Notes 5 and 21)	19,018,114,407	11,850,184,276	9,028,944,073
Amusement income (Note 21)	3,389,267	218,910,438	2,151,785,393
Others (Notes 21 and 30)	5,259,520,752	4,256,717,447	4,831,527,429
	35,337,341,963	26,942,900,430	31,432,756,150
Hotel Operations (Note 21)	1,202,075,617	1,083,317,112	2,432,639,988
	36,539,417,580	28,026,217,542	33,865,396,138
COSTS (Notes 6 and 22)			
Real Estate Operations			
Cost of rental services	5,575,048,630	5,340,635,930	5,363,923,175
Cost of real estate sales (Note 9)	13,344,164,863	6,161,235,541	4,235,325,163
Cost of amusement services	1,595,616	92,678,800	956,468,868
Others	3,082,655,128	3,001,624,388	4,840,401,406
	22,003,464,237	14,596,174,659	15,396,118,612
Hotel Operations (Note 22)	1,374,542,038	1,347,774,077	2,089,588,261
	23,378,006,275	15,943,948,736	17,485,706,873
	13,161,411,305	12,082,268,806	16,379,689,265
GENERAL AND ADMINISTRATIVE EXPENSES (Notes 6 and 23)	3,447,602,751	3,588,403,755	4,096,793,400
INCOME BEFORE OTHER INCOME (LOSSES)	9,713,808,554	8,493,865,051	12,282,895,865
OTHER INCOME (LOSSES)			
Interest income (Notes 7 and 25)	167,105,094	239,358,482	287,417,657
Gain (loss) on foreign exchange (Note 31)	177,950,080	(151,057,904)	1,017,983
Interest expense (Notes 16, 25 and 34)	(1,579,589,238)	(1,576,998,829)	(1,052,823,418)
Others - net (Notes 2 and 12)	919,244	1,097,316	(11,724,324)
	(1,233,614,820)	(1,487,600,935)	(776,112,102)
INCOME BEFORE INCOME TAX	8,480,193,734	7,006,264,116	11,506,783,763
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 27)	(20,448,589)	1,746,899,885	2,814,174,005
NET INCOME	8,500,642,323	5,259,364,231	8,692,609,758
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods			
Cumulative translation adjustment	137,924,510	(144,005,903)	(33,541,621)
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods			
Remeasurements of net defined benefit liability (Note 29)	50,225,927	(257,345,164)	50,628,481
Fair value reserve of financial assets at FVOCI (Notes 8 and 13)	(22,682,959)	(17,157,447)	98,843,664
Income tax effect (Note 27)	(6,885,742)	82,350,783	(44,841,643)
	20,657,226	(192,151,828)	104,630,502
Total Other Comprehensive Income (Loss)	158,581,736	(336,157,731)	71,088,881
TOTAL COMPREHENSIVE INCOME	₱8,659,224,059	₱4,923,206,500	₱8,763,698,639

(Forward)



	Years Ended December 31		
	2021	2020, (As restated - see Note 3)	2019, (As restated - see Note 3)
Net Income Attributable to:			
Equity holders of Parent Company	₱8,062,990,250	₱5,263,683,512	₱8,686,233,159
Non-controlling interests	437,652,073	(4,319,281)	6,376,599
	₱8,500,642,323	₱5,259,364,231	₱8,692,609,758
Total Comprehensive Income Attributable to:			
Equity holders of Parent Company	₱8,221,571,986	₱4,927,525,781	₱8,757,322,040
Non-controlling interests	437,652,073	(4,319,281)	6,376,599
	₱8,659,224,059	₱4,923,206,500	₱8,763,698,639
Basic/Diluted Earnings Per Share (Note 28)	₱1.55	₱1.01	₱1.67

See accompanying Notes to Consolidated Financial Statements.



ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Year Ended December 31, 2021												
Attributable to Equity Holders of the Parent Company												
	Capital Stock (Note 19)	Additional Paid-in Capital (Note 19)	Treasury Stock (Notes 18 and 19)	Equity Reserve (Note 19)	Remeasurements of Net Defined Benefit Liability (Note 29)	Cumulative Translation Adjustment (Note 29)	Fair value reserve of financial assets at FVOCI (Notes 8 and 13)	Unappropriated Retained Earnings (Note 18)	Appropriated Retained Earnings (Note 18)	Total	Non-controlling Interest	Total Equity
Balances at January 1, 2021	₱5,193,830,685	₱39,041,328,236	₱-	₱-	(₱181,085,495)	(₱102,703,543)	₱66,002,704	₱31,821,949,324	₱26,000,000,000	₱101,839,321,911	₱878,709,724	₱102,718,031,635
Comprehensive income (loss)												
Net income	-	-	-	-	-	-	-	8,062,990,250	-	8,062,990,250	437,652,073	8,500,642,323
Other comprehensive income (loss), net of tax	-	-	-	-	37,669,445	137,924,510	(17,012,219)	-	-	158,581,736	-	158,581,736
Total comprehensive income (loss)	-	-	-	-	37,669,445	137,924,510	(17,012,219)	8,062,990,250	-	8,221,571,986	437,652,073	8,659,224,059
Reversal of appropriation (Note 18)	-	-	-	-	-	-	-	26,000,000,000	(26,000,000,000)	-	-	-
Appropriation (Note 18)	-	-	-	-	-	-	-	(25,500,000,000)	25,500,000,000	-	-	-
Acquisition of non-controlling interest	-	-	-	-	-	-	-	(6,881,245)	-	(6,881,245)	(470,868,755)	(477,750,000)
Sale of investment in subsidiary	-	-	-	17,701,192,360	-	-	-	-	-	17,701,192,360	3,722,917,059	21,424,109,419
Stock issue costs (Note 19)	-	-	-	-	-	-	-	(10,644,171)	-	(10,644,171)	(3,000)	(10,647,171)
Acquisition of treasury stock	-	(1,145,319)	(438,191,348)	-	-	-	-	-	-	(439,336,667)	-	(439,336,667)
Cash dividends (Note 18)	-	-	-	-	-	-	-	(1,298,457,671)	-	(1,298,457,671)	(225,209,581)	(1,523,667,252)
Balances at December 31, 2021	₱5,193,830,685	₱39,040,182,917	(₱438,191,348)	₱17,701,192,360	(₱143,416,050)	₱35,220,967	₱48,990,485	₱39,068,956,487	₱25,500,000,000	₱126,006,766,503	₱4,343,197,520	₱130,349,964,023

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



For the Year Ended December 31, 2019

Attributable to Equity Holders of the Parent Company

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

See accompanying Notes to Consolidated Financial Statements.



ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱8,480,193,734	₱7,006,264,116	₱11,506,783,763
Adjustments for:			
Depreciation (Notes 11, 12, 22 and 26)	5,187,515,874	5,124,896,951	4,910,281,126
Interest expense (Notes 16 and 25)	1,426,827,563	1,429,987,739	907,257,726
Provision for impairment losses (Note 23)	–	180,022,673	–
Interest expense on lease liabilities (Notes 25 and 34)	152,761,675	147,011,090	145,565,692
Accretion expense on security deposits (Notes 15 and 22)	45,551,338	81,719,528	76,293,508
Net movement in pension liabilities (Note 29)	61,702,893	47,697,799	62,844,354
Amortization of ROU assets (Notes 26 and 34)	59,452,150	59,801,929	56,264,289
Gain on sale of property and equipment (Note 12)	(401,674)	(995,352)	(560,459)
Equity in net earnings of joint ventures (Note 30)	(423,030,583)	(155,019,617)	(68,305,994)
Loss on deconsolidation (Note 2)	–	–	12,284,783
Interest income (Notes 7 and 25)	(910,235,893)	(1,018,455,764)	(610,196,621)
Operating income before working capital changes	14,080,337,077	12,902,931,092	16,998,512,167
Decrease (increase) in:			
Receivables - trade	47,638,911	(5,143,795,248)	(1,015,408,456)
Subdivision land, condominium and residential units for sale (inclusive of capitalized borrowing cost)	4,029,671,232	(3,010,696,866)	(4,487,851,099)
Other current assets	575,102,981	(3,391,299,366)	5,696,776,754
Increase (decrease) in:			
Accounts payable and accrued expenses and other noncurrent liabilities	3,243,529,197	630,835,247	(40,801,337)
Customers' deposits	(8,123,969,566)	12,068,023,008	2,887,232,775
Cash generated from operations	13,852,309,832	14,055,997,867	20,038,460,804
Interest received from cash and short-term investments	170,667,872	229,308,899	283,605,870
Interest received from installment contract receivables (Notes 21 and 25)	743,130,799	779,097,282	322,778,964
Income tax paid	(1,674,049,835)	(2,156,571,138)	(2,231,008,815)
Net cash flows provided by operating activities	13,092,058,668	12,907,832,910	18,413,836,823
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in:			
Receivables from affiliated companies (Notes 8 & 20)	(1,824,227,550)	325,467,476	(1,148,150,529)
Advances to suppliers and contractors (Notes 10 and 13)	(123,862,331)	(68,087,976)	(583,995,374)
Other noncurrent assets	66,081,778	(86,666,760)	30,353,916
Advances to land owners	(87,270,338)	(1,795,473,472)	(1,808,458,201)
Additions to:			
Investment properties (inclusive of capitalized borrowing costs) (Note 11)	(16,947,985,400)	(10,173,539,392)	(9,679,041,704)
Property and equipment (Note 12)	(1,051,515,995)	(980,913,004)	(1,788,359,350)
Investments in joint ventures (Note 30)	(200,000,000)	(65,720,000)	(1,124,368,855)
Investment in subsidiary	(477,750,000)	–	–
Proceeds from:			
Issuance of shares by a new subsidiary	–	–	159,250,000
Additional subscription of shares of subsidiary	–	324,500,000	–
Disposal of property and equipment (Note 12)	401,674	995,352	560,459
Net cash flows used in investing activities	(20,646,128,162)	(12,519,437,776)	(15,942,209,638)

(Forward)



	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES (Note 37)			
Net proceeds from disposal of investment in a subsidiary (Note 2)	₱22,519,263,729	₱–	₱–
Proceeds from availments of:			
Short-term loans (Note 16)	8,500,000,000	–	8,491,700,000
Loans payable (Note 16)	–	19,190,280,000	–
Payments of:			
Cash dividends (Notes 14 and 18)	(1,548,667,253)	(2,605,432,058)	(2,602,812,061)
Loans payable (Note 16)	(6,655,000,000)	(155,000,000)	(1,806,127,328)
Interest on loans	(1,561,796,058)	(1,175,776,834)	(908,519,293)
Interest on lease liabilities	(30,600,703)	(13,011,250)	(38,218,003)
Short-term loans (Note 16)	(8,500,000,000)	(8,491,700,000)	(896,700,000)
Principal portion of lease liabilities (Note 34)	(258,172,699)	(105,447,215)	(98,488,847)
Stock issuance cost (Note 19)	(10,387,171)	(140,000)	–
Debt issue cost (Note 16)	–	(209,317,145)	–
Acquisition of treasury stock (Note 19)	(439,336,667)	–	–
Increase (decrease) in payable to affiliated companies and other noncurrent liabilities (Notes 15 and 17)	184,281,316	120,969,629	(95,863,957)
Net cash flows provided by financing activities	12,199,584,494	6,555,425,127	2,044,970,511
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,645,515,000	6,943,820,261	4,516,597,696
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	14,004,258,784	7,060,438,523	2,543,840,827
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	₱18,649,773,784	₱14,004,258,784	₱7,060,438,523

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, lifestyle commercial centers, office developments, industrial facilities, housing projects, hotels and other variants and mixed-used property projects. The Group is 61.25% owned by JG Summit Holdings, Inc. (JGSHI or the Ultimate Parent Company) and the balance is owned by the public, directors and officers as of December 31, 2021. 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) under the stock symbol “RLC”.

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, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019 were authorized for issue by the Parent Company’s Board of Directors (BOD) on March 8, 2022.

2. Basis of Preparation

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

The consolidated financial statements provide comparative information in respect of the previous period and have been prepared under the going concern assumption. While there are recent signs of increased market activity with the easing of quarantine measures in key areas in the Philippines, management believes that the impact of COVID-19 pandemic situation remains fluid and evolving and the pace of recovery remains uncertain.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) in response to the COVID-19 pandemic.



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

On December 15, 2020, the Philippine SEC issued SEC Memorandum Circular (MC) No. 34-2020 which further extended the deferral of the following provisions of PIC Q&A 2018-12 until December 31, 2023:

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

The exclusion of land in the determination of POC and IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *Borrowing Cost*) for Real Estate industry as discussed in PIC Q&A No. 2018-12-E are not applicable to the Group's real estate operations in the Philippines.

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

PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards (PAS) 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, 2021 and 2020 and for each of three years in the period ended December 31, 2021, 2020 and 2019.

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

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

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

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

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



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

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

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

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

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction (see Note 4).

If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interest and the cumulative translation differences recorded in equity.
- Recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

The consolidated financial statements include the financial statements of the Parent Company and the following subsidiaries as of December 31, 2021, 2020 and 2019:

	Country of Incorporation	Effective Percentage of Ownership		
		2021	2020	2019
Robinson's Inn, Inc.	Philippines	100%	100%	100%
RL Commercial REIT, Inc. (RCR)*	Philippines	63%	100%	100%
Robinsons Properties Marketing & Management Corp.	Philippines	100%	100%	100%
Manhattan Buildings and Management Corporation	Philippines	100%	100%	100%



	Country of Incorporation	Effective Percentage of Ownership		
		2021	2020	2019
Robinson's Land (Cayman), Ltd.	Cayman Islands	100%	100%	100%
Altus Mall Ventures, Inc.	Philippines	100%	100%	100%
Bonifacio Property Ventures, Inc. (BPVI)	Philippines	100%	100%	100%
Bacoor R and F Land Corporation (BRFLC)	Philippines	70%	70%	70%
Altus Angeles, Inc. (AAI)	Philippines	51%	51%	51%
GoHotels Davao, Inc. (GDI)	Philippines	51%	51%	51%
RLC Resources Ltd. (RLCRL)	British Virgin Island	100%	100%	100%
Land Century Holdings Ltd. (LCHL)	Hong Kong	100%	100%	100%
World Century Enterprise Ltd. (WCEL)	Hong Kong	100%	100%	100%
First Capital Development Ltd. (First Capital)	Hong Kong	100%	100%	100%
Chengdu Xin Yao Real Estate Development, Co. Ltd. (Chengdu Xin Yao)	China	100%	100%	100%
RLGB Land Corporation (RLGB)	Philippines	100%	51%	51%
Robinsons Logistix and Industrials, Inc. (RLII)	Philippines	100%	–	–
RL Property Management, Inc. (RLPMI)	Philippines	100%	–	–
RL Fund Management, Inc. (RLFMI)	Philippines	100%	–	–
Malldash Corp. <i>*formerly Robinsons Realty Management Corporation</i>	Philippines	100%	–	–

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

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

On June 7, 2019, RLGB Land Corporation (RLGB) was incorporated to develop real estate of all kinds. The Parent Company subscribed 51% of the total capital stock of RLGB while the balance was subscribed by Gokongwei Brothers Foundation (GBF).

On October 18, 2021, GBF's 49% share subscription was rescinded and its invested capital was returned subsequently pursuant to the Rescission Agreement executed between RLGB and GBF. As of December 31, 2021, RLGB became a wholly-owned subsidiary of the Parent Company.

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

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



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

On April 5, 2021, Robinsons Logistix and Industrials, Inc. was incorporated to engage in and carry on a business of logistics and to develop buildings, warehouses, industrial and logistics facilities, among others.

On April 12, 2021, RL Property Management, Inc. was incorporated primarily to engage in the business of providing services in relation to property management, lease management, marketing, project management, including tenant services, care and maintenance of physical structures, securing and administering routine management services, formulating and implementing leasing strategies, enforcing tenancy conditions, ensuing compliance with relevant government regulations with respect to the managed property, and formulating and implementing policies and programs in respects of building management, maintenance and improvement, initiating refurbishment and monitoring thereof, and such other duties and functions necessary and incidental to property management.

On May 28, 2021, RL Fund Management, Inc. was incorporated to engage in the business of providing fund management services to real estate investment trust (REIT) companies, as provided under Republic Act No. 9856 (the Real Estate Investment Trust Act of 2009), including its implementing rules and regulations.

On July 26, 2021, Malldash Corp. was organized to engage in, develop, operate, and maintain the business of providing Information Technology (I.T.) solutions; to develop, operate, and maintain an electronic marketplace that will allow for business to business integration to consumer electronic commerce solutions; to provide solutions for merchant to consumer/user product delivery and/or fulfillment; to provide logistic services and digital services; and to do other things necessary or convenient for carrying out into effect the foregoing purpose.

On April 15, 2021, the BOD and stockholders of the RCR approved the amendments to the Articles of Incorporation (AOI) of Robinsons Realty and Management Corporation that resulted to: (a) change in corporate name to RL Commercial REIT, Inc.; (b) change in primary purpose to engage in the business of REIT (c) increase in authorized capital stock from One Hundred Million Pesos (₱100,000,000), divided into One Hundred Million (100,000,000) common shares with par value of One Peso (₱1.00) per share, to Thirty-Nine Billion Seven Hundred Ninety-Five Million Nine Hundred Eighty-Eight Thousand Seven Hundred Thirty-Two (39,795,988,732) shares with par value of One Peso (₱1.00) per share.

Further, a Comprehensive Deed of Assignment was executed between RCR and the Parent Company on April 15, 2021 for the assignment, transfer, and conveyance by the Parent Company of several properties (the Assigned Properties) to RCR in the form of buildings and condominium units with an aggregate gross area of Three Hundred Sixty-Five Thousand Three Hundred Twenty-Nine and Eighty-One Hundredths (365,329.81) square meters and with a total value of Fifty-Nine Billion Forty-Six Million Pesos (₱59,046,000,000) in exchange for the issuance of Nine Billion Nine Hundred Twenty-Three Million Nine Hundred Ninety-Seven Thousand One Hundred Eighty-Three (9,923,997,183) shares of the Assigned Properties at One Peso (₱1.00) per share with an aggregate par value of Nine Billion Nine Hundred Twenty-Three Million Nine Hundred Ninety-Seven Thousand One Hundred Eighty-Three Pesos (₱9,923,997,183), with the remaining amount of Forty-Nine Billion One Hundred Twenty-Two Million Two Thousand Eight Hundred Seventeen Pesos (₱49,122,002,817) being treated as additional paid-in capital without issuance of additional shares (the Property-for-Share Swap).



On August 2, 2021, SEC approved the amendments to RCR's AOI and the Property-for- Share Swap. On September 14, 2021, RCR completed its initial public offering, and its common shares were listed and currently traded in the PSE as a REIT entity.

Voting rights held by non-controlling interests on AAI, GDI, BRFLC and RCR are equivalent to 49%, 49%, 30% and 36.51%, respectively. As of December 31, 2021, 2020 and 2019, the Group does not consider these subsidiaries as having material non-controlling interest that would require additional disclosures.

3. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of new standards effective in 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*

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

- The rent concession is a direct consequence of COVID-19;
- The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
- There is no substantive change to other terms and conditions of the lease.

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

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

The Company availed of the relief and accounted for rental concessions received for some of its land leases as variable lease payments.

- Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

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

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



The Group shall also disclose information about:

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

The Group adopted the amendments beginning January 1, 2021.

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

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

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

The adoption of this PIC Q&A did not impact the consolidated financial statements of the Group since it has previously adopted approach 3 in its accounting for sales cancellation which records the repossessed inventory at cost.

- Adoption of PIC Q&A 2018-12 on Accounting for Common Usage Service Area (CUSA)

On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some implementation issues of PFRS 15, *Revenue from Contracts with Customers* affecting the real estate industry. This includes PIC Q&A No. 2018-12-H which discussed accounting for CUSA charges wherein it was concluded that real estate developers are generally acting as principal for CUSA. On October 25, 2018, the SEC decided to provide relief to the real estate industry by deferring the application of the provisions of the PIC Q&A 2018-12-H for a period of three years or until December 31, 2020. The deferral will only be applicable for real estate transactions.



The Group previously availed of the reliefs provided by the SEC and have accounted for the related revenue net of costs and expenses. As at January 1, 2021, the Group adopted PIC Q&A 2018-12-H retrospectively. The initial adoption has no impact on the Group's consolidated statement of financial position and consolidated statement of cash flows. The impact of initial adoption in the consolidated statement of comprehensive income follows:

Consolidated statement of comprehensive income for the year ended December 31, 2020

	Amounts prepared under		Increase
	PFRS 15	Previous PFRS	
REVENUE			
Real Estate Operations			
Others	₱4,256,717,447	₱1,635,326,439	₱2,621,391,008
COSTS			
Real Estate Operations			
Others	₱3,001,624,388	₱380,233,380	₱2,621,391,008

Consolidated statement of comprehensive income for the year ended December 31, 2019

	Amounts prepared under		Increase
	PFRS 15	Previous PFRS	
REVENUE			
Real Estate Operations			
Others	₱4,831,527,429	₱1,549,966,856	₱3,281,560,573
COSTS			
Real Estate Operations			
Others	₱4,840,401,406	₱1,558,840,833	₱3,281,560,573

- Adoption of PIC Q&A 2018-12-E (as amended by PIC Q&A 2020-02) on Treatment of Uninstalled Materials in the Calculation of the POC

PIC Q&A 2020-02 was issued by the PIC on October 29, 2020. The latter aims to provide conclusion on the treatment of materials delivered on site but not yet installed in measuring performance obligation in accordance with PFRS 15, *Revenue from Contracts with Customers* in the real estate industry.

The adoption of this PIC Q&A did not impact the consolidated financial statements of the Group since the prescribed accounting treatment for uninstalled materials is already taken into consideration in the Group's current POC computation using input method.

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, 2022

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

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

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

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

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

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

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

The amendments are not expected to have a material impact on the Group.

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

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

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

The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.



- *Annual Improvements to PFRSs 2018-2020 Cycle*

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

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

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

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

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

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

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

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2023

- *Amendments to PAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.



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

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

- Amendments to PAS 8, *Definition of Accounting Estimates*

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification



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

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

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

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

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

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

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

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

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *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 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.

The Group is currently assessing the impact of adopting these amendments.

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

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

The PIC Q&A provisions covered by the SEC deferral that the Group availed in 2021 follows:

	<u>Deferral Period</u>
Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)	Until December 31, 2023

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

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

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

The Group availed of the SEC relief on the accounting for significant financing component of PIC Q&A No. 2018-12. Had this provision been adopted, the Group assessed that the impact would have been as follows:

The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements. Adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, installment contracts receivable, provision for deferred income tax, deferred tax asset or liability for all years presented, and the opening balance of retained earnings. These would have impacted the cash flows from operations and cash flows from financing activities for all years presented. The Group is still in the process of assessing the impact of significant financing component as of December 31, 2021.



4. Summary of Significant Accounting Policies

Revenue and Cost Recognition

Revenue Recognition

Revenue from Contract with Customers

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

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

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

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

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

In measuring the progress of its performance obligation over time, the Group uses input method. Input 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 excludes 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, payments for permits and licenses. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts, form part of total project costs on a prospective basis.

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

The impact of the significant financing component on the transaction price has not been considered since the Group availed the relief granted by the SEC under Memorandum Circular Nos. 14-2018 as of 2018 for the implementation issues of PFRS 15 affecting the real estate industry. Under the SEC Memorandum Circular No. 34, the relief has been extended until December 31, 2023 (see Note 3).



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

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

Real estate sales – China Operations

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

Rental income

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

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

Marketing fees and management fees

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

Amusement income

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

Revenue from hotel operations

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

Interest income

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

Dividend income

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



Other income

Other income is recognized when earned.

The contract for the commercial 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, 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. The utility and service companies, and not the Group, are primarily 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.

For the provision of CUSA and air-conditioning of the buildings, the Group acts as a principal because it retains the right to direct the service provider of maintenance, janitorial and security to the leased premises, and air-conditioning, respectively. The right to the services mentioned never transfers to the tenant and the Group has the discretion to price the CUSA and air-conditioning charges.

Cost Recognition

Cost of Real Estate Sales

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

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

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

Contract liabilities

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

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

Marketing fees and management fees

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



Costs to obtain contract

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

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

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

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

Contract fulfillment assets

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

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

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

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

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

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

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



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

Costs and General and Administrative Expense

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

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

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

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

Borrowing Costs

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

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

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

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



Debt Issue Costs

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

Leases

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

Group as Lessee

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

ROU 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 33 years.

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

Lease liabilities

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

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



Short-term leases

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

Group as Lessor

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

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

Fair Value Measurement

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

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

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

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

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

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

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



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

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

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

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

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

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

Current and Noncurrent Classification

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

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

All other assets are classified as noncurrent.

A liability is current when:

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

The Group classifies all other liabilities as noncurrent.

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



Financial Instruments

Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI, and fair value through profit or loss (FVPL).

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 FVPL, 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 FVOCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The 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 marketplace (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 FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

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 SPPI on the principal amount outstanding



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

As of December 31, 2021 and 2020, 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 FVOCI (debt instruments)

The Group measures debt instruments at FVOCI if both of the following conditions are met:

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

For debt instruments at FVOCI, 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, 2021 and 2020, the Group's debt instruments at FVOCI include receivables from lease-to-own arrangements under "Receivables".

Financial assets designated at FVOCI (equity instruments)

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

Gains and losses on these financial assets 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 FVOCI are not subject to impairment assessment.

As of December 31, 2021 and 2020, the Group's equity instruments at FVOCI presented under "Other noncurrent assets" include investment in equity instruments of affiliates under the common control of the ultimate parent company.

Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, 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 SPPI are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.



Financial assets at FVPL 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, 2021 and 2020, the Group does not have financial assets at FVPL.

Derecognition

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

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

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

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

Modification of Financial Assets

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

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

Impairment of Financial Assets

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

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



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

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

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

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

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

Determining the stage for impairment

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

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

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



Write-off of financial assets

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

Financial Liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL.

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

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

Only if the criteria in PFRS 9 are satisfied, the designation of financial liabilities at FVPL at the initial date of recognition is allowed.

The Group has not designated any financial liability as at FVPL.

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, 2021 and 2020, the Group's financial liabilities under this category include accounts payable and accrued expenses (except statutory liabilities), short-term loans, loans payable, and payable to affiliated companies and deposits from lessees which are both included under "Deposit and other current liabilities" and "Deposit and other noncurrent liabilities".

Derecognition

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

Offsetting of Financial Instruments

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

Cash and Cash Equivalents

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

Subdivision Land, Condominium and Residential Units for Sale

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

Cost includes land costs, costs incurred for development and improvement of the properties (i.e., planning and design costs, costs of site preparation, contractor's fees and other professional fees, property transfer taxes, construction overheads and other related costs). It also includes the cost of land use right (see Note 9).

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

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

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

Materials, Parts and Supplies

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



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

Prepaid Expenses

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

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

Advances to Contractors and Suppliers, Advances to Lot Owners

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

Deposits

Deposits from lessees

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

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

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

Value-added Tax (VAT)

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

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

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

Investments in Joint Ventures

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



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

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

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

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

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

Interest in Joint Operation

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

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

Investment Properties

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

Investment properties consist of properties that are held to earn rentals or for capital appreciation or both, and that are not occupied by the companies consolidated into the Group. Investment properties, except for land, are carried at cost less accumulated depreciation and any impairment in value. Land is carried at cost less any impairment in value. The carrying amount includes the cost of replacing



part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the cost of day-to-day servicing of an investment property.

Investment properties are depreciated and amortized using the straight-line method over their estimated useful lives (EUL) as follows:

	Years
Buildings	20 - 30
Building improvements	10
Land improvements	10

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

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

Expenditures incurred after the investment property has been put in operation, such as repairs and maintenance costs, are normally charged against income in the period in which the costs are incurred.

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

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

Investment Properties – Land held for future development

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

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



Fair Value Disclosure

The Group discloses the fair values of its investment properties in accordance with PAS 40. The Group engages independent valuation specialist to assess the fair values as at December 31, 2021 and 2020. The Group's investment properties consist of land and building pertaining to land properties, retail (malls), office properties and industrial facilities. These are valued by reference to market-based evidence using comparable prices adjusted for specific market factors such as nature, location and condition of the property and income approach by reference to the value of income, cash flow or cost saving generated by the asset.

Property and Equipment

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

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

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

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

	Years
Buildings	20-30
Building improvements	10
Land improvements	5
Theater furniture and equipment	5
IT Equipment	3
Other equipment	2.5

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

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

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

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



Impairment of Nonfinancial Assets

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

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

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

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

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

Investments in Joint Ventures

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

Equity

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

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

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



Treasury Stock

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

Equity Reserves

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.

Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e., transactions with owners in their capacity as owners). In such circumstances, the carrying amounts of the controlling and non-controlling interests shall be adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid shall be recognized directly in equity and included under "Equity reserves" account in the equity section of the consolidated statement of financial position.

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 (see Note 27).

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

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

Pension Expense

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

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

Defined benefit costs comprise the following:

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

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

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

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



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

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

Termination benefit

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

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

Employee leave entitlement

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

Foreign Currencies

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

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



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

Transactions and balances

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

Translation for consolidation

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

Earnings Per Share (EPS)

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

Operating Segment

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

Provisions

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



Contingencies

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

Events After the Reporting Date

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

5. Significant Accounting Judgments and Estimates

The preparation of the accompanying consolidated financial statements in conformity with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic, requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the consolidated financial statements, as they become reasonably determinable.

Actual results could differ from such estimates.

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

Judgments

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

Existence of a contract

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

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



Identifying performance obligation

In 2018, the Parent Company entered into a contract to sell covering a land upon which, site preparation will be performed prior to turnover to the buyer. The Group concluded that the revenue and cost of real estate sales should be recorded upon completion of the site preparation activities as specifically stated in the contract to sell, which is at a point in time, since there is only one performance obligation (i.e., developed land) and the Parent Company does not have a right to demand payment for work performed to date from the buyer (see Notes 21 and 30). For the year ended December 31, 2021, the related revenue has been recognized as the performance obligations under the contract to sell has been performed.

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

Revenue recognition method and measure of progress

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

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

Principal versus agent considerations

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

For the electricity and water usage, 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. The utility and service companies, and not the Group, are primarily 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.



For the provision of CUSA and air-conditioning of the buildings, the Group acts as a principal because it retains the right to direct the service provider of maintenance, janitorial and security to the leased premises, and air-conditioning, respectively. The right to the services mentioned never transfers to the tenant and the Group has the discretion to price the CUSA and air-conditioning charges.

Revenue and cost recognition

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

Real estate revenue and cost recognition from 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, 2021, related revenue has been recognized.

Revenue from the sale of real estate units of Chengdu Xin Yao is accounted for under a completed contract method (i.e., at a point in time) in the consolidated financial statements. It is a recognition method that allows that revenue is recognized at the completion of the project. 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.

Definition of default and credit-impaired financial assets

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

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

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

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

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



Incorporation of forward-looking information

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

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

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

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

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

Joint Control

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

Determining whether it is reasonably certain that a renewal and termination option will be exercised – Group as a lessee

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 lease commitments - Group as lessor

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

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

Finance lease commitments - Group as lessor

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

Assessment on whether lease concessions granted constitute a lease modification

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

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

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

The rent concessions granted by the Group for the years ended December 31, 2021 and 2020 amounted to ₱3,775 million and ₱3,475 million, respectively.

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

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

Recognition of deferred tax assets

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences can be utilized. Significant management estimate is required to determine the amount of deferred tax asset that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning. Deferred tax assets recognized as of December 31, 2021 and 2020 amounted to ₱960 million and ₱1,128 million, respectively (see Note 27).



The Group has NOLCO amounting to ₱2 million and ₱9 million as of December 31, 2021 and 2020, that is available for offset against taxable income or tax payable which deferred tax asset has not been recognized. The related deferred tax assets amounted to ₱1 million and ₱3 million as of December 31, 2021 and 2020 (see Note 27).

RCR, being a REIT entity is entitled to the deductibility of dividend distribution from its taxable income, provided it complies with the requirements under R.A. No. 9856 and IRR of R.A. No. 9856. The entitlement indicates that sufficient taxable income is not available that will allow RCR to fully utilize its deductible temporary differences. The deferred tax asset on these temporary differences amounting to ₱207 million is not recognized as of December 31, 2021.

Contingencies

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

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

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

Estimates and Assumptions

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

Revenue and cost recognition

The Group's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue and costs. The Group's revenue and cost from real estate where performance obligation is satisfied over time and recognized based on the percentage of completion is measured principally on the basis of the estimated completion by reference to the actual costs incurred to date over the estimated total costs of the project. For the years ended December 31, 2021, 2020 and 2019, the real estate sales recognized over time amounted to ₱5,203 million, ₱11,718 million and ₱8,708 million, respectively, while the related cost of real estate sales amounted to ₱2,549 million, ₱6,149 million and ₱4,150 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 ₱13,815 million, ₱132 million and ₱321 million for the years ended December 31, 2021, 2020 and 2019, respectively. The related cost of sales amounted to ₱10,795 million, ₱12 million and ₱85 million for the years ended December 31, 2021, 2020 and 2019, respectively.



Fair value of financial instruments

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

Provision for expected credit losses of trade receivables

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

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

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

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

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

The carrying value of trade receivables as of December 31, 2021 and 2020 amounted to ₱19,388 million and ₱20,620 million, respectively (see Note 8). The carrying value of installment contract receivables as of December 31, 2021 and 2020 amounted to ₱14,029 million and ₱15,891 million, respectively (see Note 8).

Evaluation of net realizable value of real estate inventories

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



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

As of December 31, 2021 and 2020, the Group's subdivision land, condominium and residential units for sale amounted to ₱37,679 million and ₱41,252 million, respectively (see Note 9).

Estimation of useful lives of property and equipment and investment properties

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

The carrying value of depreciable property and equipment as of December 31, 2021 and 2020 amounted to ₱8,690 million and ₱8,508 million, respectively (see Note 12). The carrying value of depreciable investment properties as of December 31, 2021 and 2020 amounted to ₱60,394 million and ₱57,850 million, respectively (see Note 11).

Impairment of nonfinancial assets

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

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

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

In view of the continuing community quarantines and restricted travel, the Group's hotels and resorts segment continues to be adversely affected by the lower number of guests and reduced room rates, both of which have significantly impacted the revenues reported for this segment. Also, many restaurants remain closed or allowed limited operations which impacted the food and beverage revenues of the segment. In addition, because of the COVID-19 pandemic, there is the heightened level of uncertainty on the future economic outlook and market forecast. These events and conditions are impairment indicators requiring the assessment of the recoverable amount of the property and equipment and ROU assets.



The Group estimates the recoverable amount through value in use. In determining the present value of estimated future cash flows expected to be generated from the continued use of these assets of the hotels and resorts segment, the Group is required to make estimates and assumptions that may affect the nonfinancial assets. The significant assumptions used in the valuation are discount rates of 9.7% with an average growth rate of 3.0%. The Group also considered in its assumptions the impact of the COVID-19 pandemic on the occupancy rate and room rates which are not expected to normalize soon.

The carrying values of the Group's nonfinancial assets as of December 31, 2021 and 2020 are disclosed below.

	2021	2020
Investment properties (Note 11)	₱124,939,053,875	₱109,418,090,261
Property and equipment (Note 12)	8,689,979,440	8,507,694,022
Investments in joint venture (Note 30)	2,590,847,311	2,372,704,894
Right-of-use assets (Note 34)	1,198,810,590	1,112,302,766
Other noncurrent assets* (Note 13)	5,532,272,911	6,184,587,808
	₱142,950,964,127	₱127,595,379,751

*Excluding utility deposits and financial assets at FVOCI

No impairment was recognized for the Group's nonfinancial assets.

Pension cost

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

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

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

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

As of December 31, 2021 and 2020, the Group's net pension liabilities amounted to ₱632 million and ₱666 million, respectively (see Note 29).

Leases - Estimating the incremental borrowing rate

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



The Group's lease liabilities amounted to ₱2,131 million and ₱1,977 million as of December 31, 2021 and 2020, respectively (see Note 34).

6. Operating Segments

Business Segments

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

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

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

Cost and expenses exclude interest, taxes and depreciation.

The Group derives its revenue from the following reportable units:

Robinsons Malls - develops, leases and manages lifestyle centers all over the Philippines.

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

Robinsons Offices - develops and leases out office spaces.

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

Robinsons Logistics and Industrial Facilities - develops and leases out warehouse and logistics facilities.

Integrated Developments Division - focuses on strategic land bank acquisition and management, exploration of real estate-related infrastructure projects.

Chengdu Xin Yao (CDXY) - develops and sells real estate projects in China.

Segment information for comparative periods as of and for the years ended December 31, 2019 and 2020 include new reportable segments to conform with the presentation as of and for the year ended December 31, 2021.



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

	2021								
	Robinsons Malls	Residential Division	Robinsons Offices	Robinsons Hotels and Resorts	Robinsons Logistics and Industrial Facilities	Integrated Developments Division	Chengdu Xin Yao	Intersegment Eliminating Adjustments	Consolidated
Revenue									
Segment revenue:									
Revenues from contracts with customers	₱3,389,267	₱5,202,951,110	₱-	₱1,202,075,617	₱-	₱2,932,847,441	₱10,882,315,856	₱-	₱20,223,579,291
Rental income	5,337,190,146	67,895,943	5,263,491,006	-	353,647,710	34,092,732	-	-	11,056,317,537
Other income	2,912,304,661	1,068,166,532	1,221,931,552	-	-	156,499	56,961,508	-	5,259,520,752
Intersegment revenue	37,937,491	-	192,463,497	3,349,890	-	-	-	(233,750,878)	-
Total Revenue	8,290,821,565	6,339,013,585	6,677,886,055	1,205,425,507	353,647,710	2,967,096,672	10,939,277,364	(233,750,878)	36,539,417,580
Costs and expenses									
Segment costs and expenses	4,388,489,672	4,064,750,345	823,921,497	956,376,593	29,914,428	1,415,195,049	9,899,993,418	-	21,578,641,002
Intersegment costs and expenses	750,823	38,067,848	187,668,621	6,872,755	-	390,831	-	(233,750,878)	-
Total Costs and expenses	4,389,240,495	4,102,818,193	1,011,590,118	963,249,348	29,914,428	1,415,585,880	9,899,993,418	(233,750,878)	21,578,641,002
Earnings before interest, taxes and depreciation	3,901,581,070	2,236,195,392	5,666,295,937	242,176,159	323,733,282	1,551,510,792	1,039,283,946	-	14,960,776,578
Depreciation and amortization	3,673,939,814	138,356,366	934,480,849	418,165,445	74,437,392	7,273,501	314,657	-	5,246,968,024
Operating income	₱227,641,256	₱2,097,839,026	₱4,731,815,088	(₱175,989,286)	₱249,295,890	₱1,544,237,291	₱1,038,969,289	₱-	₱9,713,808,554
Assets and Liabilities									
Segment assets	₱93,133,168,230	₱41,412,393,871	₱33,483,496,506	₱10,516,310,845	₱5,741,974,680	₱26,097,879,557	₱17,564,715,333	₱-	₱227,949,939,022
Investment in subsidiaries - at cost	1,468,599,829	-	38,695,727,671	25,500,000	500,000,000	794,000,000	-	(41,483,827,500)	-
Total segment assets	₱94,601,768,059	₱41,412,393,871	₱72,179,224,177	₱10,541,810,845	₱6,241,974,680	₱26,891,879,557	₱17,564,715,333	(₱41,483,827,500)	₱227,949,939,022
Total segment liabilities	₱61,402,702,230	₱11,052,352,132	₱4,519,296,986	₱954,867,452	₱367,754,388	₱5,119,157,887	₱14,183,843,924	₱-	₱97,599,974,999
Other segment information									
Capital expenditures (Notes 10 and 11)									₱17,999,501,395
Additions to subdivision land, condominium and residential units for sale (Note 8)									₱9,314,493,631
Cash flows from:									
Operating activities	₱4,531,404,754	₱1,940,846,835	₱4,493,291,683	₱230,077,824	₱291,744,738	₱1,633,466,291	(₱28,773,457)	₱-	₱13,092,058,668
Investing activities	(8,405,125,849)	(2,079,657,129)	(4,479,040,130)	(982,499,735)	(620,013,103)	(4,105,768,277)	25,976,061	-	(20,646,128,162)
Financing activities	(10,360,031,583)	217,810,367	22,365,835,776	(7,168,056)	(16,357,567)	-	(504,443)	-	12,199,584,494



2020

	Robinsons Malls	Residential Division	Robinsons Offices	Robinsons Hotels and Resorts	Robinsons Logistics and Industrial Facilities	Integrated Developments Division	Chengdu Xin Yao	Intersegment Eliminating Adjustments	Consolidated
Revenue									
Segment revenue:									
Revenues from contracts with customers	₱218,910,438	₱11,717,577,404	₱–	₱1,083,317,112	₱–	₱132,606,872	₱–	₱–	₱13,152,411,826
Rental income	5,588,494,038	76,771,895	4,690,014,553	–	236,485,057	25,322,726	–	–	10,617,088,269
Other income (as restated)	2,678,653,747	330,853,099	1,246,928,213	–	–	282,388	–	–	4,256,717,447
Intersegment revenue	31,121,619	–	1,014,200	848,743	–	–	–	(31,970,362)	–
Total Revenue	8,517,179,842	12,125,202,398	5,937,956,966	1,084,165,855	236,485,057	158,211,986	–	(31,970,362)	28,026,217,542
Costs and expenses									
Segment costs and expenses (as restated)	4,372,280,251	7,961,744,137	853,742,998	930,013,801	52,758,651	98,772,723	78,341,050	–	14,347,653,611
Intersegment costs and expenses	8,895,013	37,542,232	(27,710,193)	11,828,241	–	2,429,269	–	(31,970,362)	–
Total Costs and expenses	4,381,175,264	7,999,286,369	826,032,805	941,842,042	52,758,651	101,201,992	78,341,050	(31,970,362)	14,347,653,611
Earnings before interest, taxes and depreciation	4,136,004,578	4,125,916,029	5,111,924,161	142,323,813	183,726,406	57,009,994	(78,341,050)	–	13,678,563,931
Depreciation and amortization (Notes 22 and 24)	3,711,870,206	97,490,020	903,746,743	417,760,276	51,664,126	1,894,339	273,170	–	5,184,698,880
Operating income	₱424,134,372	₱4,028,426,009	₱4,208,177,418	(₱275,436,463)	₱132,062,280	₱55,115,655	(₱78,614,220)	₱–	₱8,493,865,051
Assets and Liabilities									
Segment assets	₱77,606,552,979	₱45,154,861,279	₱28,489,598,894	₱10,031,375,412	₱4,601,494,739	₱16,872,515,011	₱32,444,326,743	₱–	₱215,200,725,057
Investment in subsidiaries - at cost	7,306,629,643	–	497,250,000	25,500,000	–	794,000,000	–	(8,623,379,643)	–
Total segment assets	₱84,913,182,622	₱45,154,861,279	₱28,986,848,894	₱10,056,875,412	₱4,601,494,739	₱17,666,515,011	₱32,444,326,743	(₱8,623,379,643)	₱215,200,725,057
Total segment liabilities	₱67,661,325,893	₱10,873,992,566	₱4,582,052,082	₱1,052,439,463	₱254,090,157	₱3,777,043,317	₱24,281,749,944	₱–	₱112,482,693,422
Other segment information:									
Capital additions (Notes 11 and 12)									₱11,444,282,141
Additions to subdivision land, condominium and residential units for sale (Note 9)									₱8,746,295,175
Cash flows from:									
Operating activities	(₱605,424,409)	(₱169,857,278)	₱4,730,354,962	₱690,137,036	₱36,109,467	₱1,144,010,006	₱7,082,503,126	₱–	₱12,907,832,910
Investing activities	(5,748,868,251)	32,712,846	(4,736,462,424)	(873,094,251)	(773,326,709)	(394,471,116)	(25,557,174)	–	(12,519,067,079)
Financing activities	6,422,194,762	112,113,970	10,452,547	2,037,073	–	8,256,078	–	–	6,555,054,430



2019

	Robinsons Malls	Residential Division	Robinsons Offices	Robinsons Hotels and Resorts	Robinsons Logistics and Industrial Facilities	Integrated Developments Division	Chengdu Xin Yao	Intersegment Eliminating Adjustments	Consolidated
Revenue									
Segment revenue:									
Revenues from contracts with customers	₱2,151,785,393	₱8,708,003,578	₱–	₱2,432,639,988	₱–	₱320,940,495	₱–	₱–	₱13,613,369,454
Rental income	10,812,598,105	100,976,731	4,369,279,039	–	109,964,482	27,680,898	–	–	15,420,499,255
Other income (as restated)	3,387,791,459	318,779,532	1,124,598,530	–	–	357,908	–	–	4,831,527,429
Intersegment revenue	43,217,951	–	496,000	2,537,052	–	–	–	(46,251,003)	–
Total Revenue	16,395,392,908	9,127,759,841	5,494,373,569	2,435,177,040	109,964,482	348,979,301	–	(46,251,003)	33,865,396,138
Costs and expenses									
Segment costs and expenses (as restated)	7,530,265,973	6,155,482,125	934,763,382	1,730,215,872	13,240,812	208,039,201	43,947,493	–	16,615,954,858
Intersegment costs and expenses	496,000	43,217,951	(7,555,220)	10,092,272	–	–	–	(46,251,003)	–
Total Costs and expenses	7,530,761,973	6,198,700,076	927,208,162	1,740,308,144	13,240,812	208,039,201	43,947,493	(46,251,003)	16,615,954,858
Earnings before interest, taxes and depreciation	8,864,630,935	2,929,059,765	4,567,165,407	694,868,896	96,723,670	140,940,100	(43,947,493)	–	17,249,441,280
Depreciation and amortization (Notes 22 and 24)	3,652,030,906	94,925,112	833,893,624	359,372,389	25,224,177	950,037	149,170	–	4,966,545,415
Operating income	₱5,212,600,029	₱2,834,134,653	₱3,733,271,783	₱335,496,507	₱71,499,493	₱139,990,063	(₱44,096,663)	₱–	₱12,282,895,865
Assets and Liabilities									
Segment assets	₱73,472,525,100	₱38,246,668,120	₱24,309,288,716	₱10,194,629,208	₱2,763,951,519	₱18,948,120,284	₱21,716,026,814	₱–	₱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	₱38,246,668,120	₱24,475,038,716	₱10,220,129,208	₱2,763,951,519	₱19,728,120,284	₱21,716,026,814	(₱11,882,159,370)	₱189,651,209,761
Total segment liabilities	₱58,335,790,786	₱10,502,533,076	₱4,534,903,265	₱1,325,361,503	₱253,854,719	₱4,406,445,915	₱10,214,650,019	₱–	₱89,573,539,283
Other segment information:									
Capital additions (Notes 11 and 12)									₱11,444,282,141
Additions to subdivision land, condominium and residential units for sale (Note 9)									₱8,746,295,175
Cash flows from:									
Operating activities	₱9,401,634,887	₱6,973,707,706	₱3,690,803,628	₱267,392,884	(₱4,240,251)	(₱629,507,243)	(₱1,285,954,788)	₱–	₱18,413,836,823
Investing activities	(4,917,250,299)	(3,367,285,616)	(4,043,605,052)	(1,923,895,988)	(618,661,367)	(1,070,308,354)	(1,202,962)	–	(15,942,209,638)
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



The revenue of the Group consists of sales to domestic customers and sale to residential buyers of CDXY in China. Inter-segment revenue accounted for under PFRSs arising from lease arrangements amounting ₱234 million, ₱33 million and ₱46 million for the years ended

December 31, 2021, 2020 and 2019, respectively, are eliminated in consolidation. The Group generally account for inter-segment sales and transfers on an arm's length prices or at current market prices.

The carrying amount of assets located outside the Philippines amounted to ₱17,565 million and ₱32,444 million as of December 31, 2021 and 2020 respectively.

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

Significant customers in lease arrangements includes the affiliated entities (see Note 20). Rental income arising from the lease of commercial properties to affiliated companies which are not part of the Group and therefore not eliminated amounted to ₱2,407 million, ₱2,103 million and ₱2,997 million for the years ended December 31, 2021, 2020 and 2019, respectively.

For the years ended December 31, 2021, 2020 and 2019, there are no revenue transactions with a single external customer which accounted 10% or more of the consolidated revenue from external customers. The main revenues of the Group are substantially earned from Philippines and China.

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

	December 31		
	2021	2020	2019
EBITDA	₱14,960,776,578	₱13,678,563,931	₱17,249,441,280
Depreciation and amortization (Notes 22 and 24)	(5,246,968,024)	(5,184,698,880)	(4,966,545,415)
Other losses – net	(1,233,614,820)	(1,487,600,935)	(776,112,102)
Income before income tax	₱8,480,193,734	₱7,006,264,116	₱11,506,783,763

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

7. Cash and Cash Equivalents

This account consists of:

	2021	2020
Cash on hand and in banks	₱11,936,889,458	₱1,108,520,005
Short-term investments (Notes 16 and 20)	6,712,884,326	12,895,738,779
	₱18,649,773,784	₱14,004,258,784

Cash in banks earn annual interest at the prevailing bank deposit rates. Short-term investments are invested for varying periods of up to three (3) months and earn interest at the prevailing short-term investment rates ranging from 0.125% to 0.625%, 1.13% to 3.75% and 1.00% to 3.50% for the years ended December 31, 2021, 2020 and 2019, respectively.



Cash in bank accounts in US dollars earn interest at a range 0.05% to 0.15% for the years ended December 31, 2021, 2020 and 2019.

Interest earned from cash in banks and short-term investments for the years ended December 31, 2021, 2020 and 2019 amounted to ₱167 million, ₱239 million and ₱287 million, respectively (see Note 25).

The cash and cash equivalents as of December 31, 2021 and 2020 are free to meet the immediate cash requirements of the Group (see Note 10).

8. Receivables

This account consists of:

	2021	2020
Trade		
Installment contract receivables - at amortized cost	₱13,569,013,003	₱14,960,310,062
Installment contract receivables - at FVOCI	459,685,079	931,573,340
Rental receivables (Note 20)	4,068,761,076	2,625,743,652
Accrued rent receivables	1,023,695,381	1,834,791,308
Hotel operations	267,013,963	267,686,252
	19,388,168,502	20,620,104,614
Affiliated companies (Note 20)	2,854,076,441	1,029,848,891
Others		
Receivable from insurance	455,763,146	516,821,913
Receivable from condominium corporations	238,227,219	232,470,481
Advances to officers and employees	97,027,808	66,734,411
Others	222,375,403	38,604,580
	23,255,638,519	22,504,584,890
Less allowance for impairment losses	212,927,700	212,927,700
	23,042,710,819	22,291,657,190
Less noncurrent portion	7,549,521,416	7,861,430,860
	₱15,493,189,403	₱14,430,226,330

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 FVOCI. The title of the real estate property, which is the subject of the installment contract receivable due beyond 12 months, passes to the buyer once the receivable is fully paid.

Rental receivables from affiliated companies included under 'Rental receivables' amounted to ₱151 million and ₱262 million as of December 31, 2021 and 2020, respectively (see Note 20).

Accrued rent receivables represent the portion of the lease as a consequence of recognizing income on a straight-line basis. As of December 31, 2021 and 2020, the noncurrent portion of accrued rent receivable amounted to ₱1,010 million and ₱1,821 million, respectively.

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



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

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

Receivables 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.

Breakdown of the allowance for impairment losses on trade receivables as of December 31, 2021 and 2020 follows:

Rental Receivables	Hotels Operations	Installment Contract Receivables	Total
₱190,148,722	₱3,778,978	₱19,000,000	₱212,927,700

Aging Analysis

The aging analysis of the Group's receivables follows:

	December 31, 2021						
	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	₱13,569,013,003	₱12,425,284,377	₱165,542,975	₱56,957,072	₱399,927,318	₱502,301,261	₱19,000,000
Installment contract receivables - at FVOCI	459,685,079	429,494,883	3,137,322	1,773,269	772,963	24,506,642	-
Rental receivables (Note 20)	4,068,761,076	716,949,044	302,775,146	234,450,640	310,857,928	2,313,579,596	190,148,722
Accrued rent receivables	1,023,695,381	1,023,695,381	-	-	-	-	-
Hotel operations	267,013,963	118,697,778	66,835,496	27,860,450	14,726,707	35,114,554	3,778,978
Affiliated companies (Note 20)	2,854,076,441	2,854,076,441	-	-	-	-	-
Others	1,013,393,576	1,013,393,576	-	-	-	-	-
	₱23,255,638,519	₱18,581,591,480	₱538,290,939	₱321,041,431	₱726,284,916	₱2,875,502,053	₱212,927,700

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

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



	2021	2020
Beginning balance	₱931,573,340	₱990,081,179
Collections	(405,590,026)	(27,305,750)
Fair value adjustment - other comprehensive income	(66,298,235)	(31,202,089)
Ending balance	₱459,685,079	₱931,573,340

The changes in the fair value of the installment contract receivables at FVOCI (net of tax) in 2021, 2020 and 2019 amounted to ₱50 million, ₱22 million and ₱69 million, respectively.

On March 25, 2020, Republic Act No. 11469, otherwise known as the *Bayanihan to Heal as One Act* (“Bayanihan 1 Act”) was enacted. Bayanihan 1 Act provides that all covered institutions shall implement a 30-day grace period for all loans with principal and/or interest and lease amortization falling due within the ECQ Period without incurring interest on interest, penalties, fees and other charges. Subsequently, on September 11, 2020, Republic Act No. 11494, otherwise known as the *Bayanihan to Recover as One Act* (“Bayanihan 2 Act”), was enacted. Under Bayanihan 2 Act, a one-time 60-day grace period is granted for the payment of all existing, current and outstanding loans falling due, or any part thereof, on or before December 31, 2020, without incurring interest on interests, penalties, fees, or other charges and thereby extending the maturity of the said loans. Furthermore, a minimum 30-day grace period shall also be granted by covered institutions to all payments due within the period of community quarantine on rent and utility-related expenditures without incurring penalties, interest and other charges.

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

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

As of December 31, 2021 and 2020, nominal amounts of trade receivables from residential totaling ₱13,569 million and ₱14,960 million, respectively, were recorded initially at fair value. The fair values of the receivables were obtained by discounting future cash flows using the applicable rates of similar types of instruments.

Movements in the unamortized discount of the Group’s receivables as of December 31, 2021 and 2020 follow:

	2021	2020
Balance at beginning of year	₱14,960,310,062	₱11,173,387,274
Additions (Cancellations) - net	(1,227,827,781)	3,919,965,199
Accretion for the year (Note 21)	(163,469,278)	(133,042,411)
Balance at end of year	₱13,569,013,003	₱14,960,310,062



9. Subdivision Land, Condominium and Residential Units for Sale

This account consists of:

	2021	2020
Land and condominium units	¥14,108,094,215	¥11,614,894,462
Land use right and development cost	10,370,718,830	18,662,662,664
Residential units and subdivision land	11,612,978,218	3,403,756,340
Land held for development	1,587,650,470	7,570,587,954
	¥37,679,441,733	¥41,251,901,420

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

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

	2021	2020
Beginning balance	¥41,251,901,420	¥36,062,897,387
Construction and development costs incurred	9,314,493,631	9,171,932,407
Land acquisition (Note 10)	339,455,204	1,341,648,000
Transfers (to) from		
Investment properties (Note 11)	844,074,336	824,173,445
Other current asset (Note 10)	714,412,650	–
Unrealized land costs (Sale to SRPI) (Note 20)	(1,440,730,645)	12,485,722
Cost of real estate sales (Note 22)	(13,344,164,863)	(6,161,235,541)
	¥37,679,441,733	¥41,251,901,420

Borrowing cost capitalized amounted to nil, ¥304 million and ¥486 million for the years ended December 31, 2021, 2020 and 2019, respectively. The capitalization rate used to determine the amount of borrowing costs eligible for capitalization in 2020 and 2019 is 4.54% and 4.59%, respectively. These amounts were included in the construction and development costs incurred (see Note 16). The borrowing costs were capitalized in condominium and residential units in China (see Note 4).

Unrealized land costs pertain to Parent Company's portion in cost of real estate sales to joint ventures, Shang Robinsons Properties, Inc. (SRPI), RLC DMCI Property Ventures, Inc. (RLC DMCI) and RHK Land Corporation (RHK Land) (see Note 20).

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 ¥13,344 million, ¥6,161 million and ¥4,235 million for the years ended December 31, 2021, 2020 and 2019, respectively (see Note 22).

On October 20, 2015, the Chinese government awarded the Contract of 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 has 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, 2021 and 2020.

10. Other Current Assets

This account consists of:

	2021	2020
Prepaid expenses (Note 23)	₱1,722,375,526	₱1,926,648,491
Advances to suppliers and contractors	1,350,983,744	1,327,955,054
Input VAT - net	1,237,972,120	1,623,017,384
Restricted cash	378,034,904	4,006,791,007
Supplies	39,422,127	38,404,355
Advances to lot owners	25,734,743	331,941,593
Utility deposits and others (Notes 31 and 32)	–	12,145,634
	₱4,754,523,164	₱9,266,903,518

Prepaid expenses consist mainly of prepayments for taxes and insurance and cost to obtain contract in relation to the Group's real estate sales. The cost to obtain contracts which include prepaid commissions and advances to brokers/agents amounted to ₱414 million and ₱115 million as of December 31, 2021 and 2020, respectively.

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

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

Restricted cash includes the deposits in local banks for the purchase of land.

Supplies consist mainly of office and maintenance materials.

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

Utility deposits consist primarily of bid bonds and meter deposits.



Others consists of advances and reserve funds.

11. Investment Properties

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

	December 31, 2021					
	Land Held for Future Development	Land	Land Improvements	Buildings and Improvements	Construction In Progress	Total
Cost						
Balances at January 1, 2021	₱21,992,589,089	₱16,704,397,257	₱460,113,489	₱97,517,223,798	₱12,870,804,181	₱149,545,127,814
Additions	4,521,728,638	31,186,932	4,854,978	2,036,027,808	10,354,187,044	16,947,985,400
Reclassification and transfers - net (Notes 9 and 12)	1,788,674,138	1,306,902,231	–	5,046,037,568	(5,025,655,410)	3,115,958,527
Balances at December 31, 2021	28,302,991,865	18,042,486,420	464,968,467	104,599,289,174	18,199,335,815	169,609,071,741
Accumulated Depreciation						
Balances at January 1, 2021	–	–	206,950,318	39,920,087,235	–	40,127,037,553
Depreciation (Notes 22 and 24)	–	–	27,011,136	4,439,705,367	–	4,466,716,503
Reclassification and transfers	–	–	–	76,263,810	–	76,263,810
Balances at December 31, 2021	–	–	233,961,454	44,436,056,412	–	44,670,017,866
Net Book Value	₱28,302,991,865	₱18,042,486,420	₱231,007,013	₱60,163,232,762	₱18,199,335,815	₱124,939,053,875

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

Investment properties consist mainly of lifestyle centers, office buildings and industrial facilities that are held to earn rentals. Land held for future development pertains to land held for capital appreciation and land banking activities for development. Land pertains to land where offices, malls and hotels are situated.

The construction in progress items reclassified to their respective asset accounts in 2021 and 2020 amounted to ₱5,025 million and ₱1,247 million, respectively. The reclassifications in 2021 represent commercial buildings in Tacloban and La Union. The reclassifications in 2020 represent office buildings in Davao and Luisita. These were reclassified to buildings and improvements and land improvements. The remaining construction in progress represents new and expansion projects in various cities in Metro Manila and other parts of Luzon and Visayas regions. These normally take three (3) to five (5) years to construct until completion.

For the years ended December 31, 2021 and 2020, the Group reclassified investment properties to subdivision land, condominium and residential units for sale amounting to ₱844 million and ₱824 million, respectively (see Note 9). The Group also reclassified investment properties to property and equipment amounting to ₱10 million and ₱29 million in 2021 and 2020, respectively (see Note 12).



Depreciation expense charged to operations amounted to ₱4,467 million, ₱4,296 million and ₱4,023 million for the years ended December 31, 2021, 2020 and 2019, respectively (see Notes 22 and 26).

Borrowing costs capitalized amounted to ₱758 million, ₱425 million and ₱318 million for the years ended December 31, 2021, 2020 and 2019, respectively. These amounts were included in the consolidated statements of cash flows under additions to investment properties. The capitalization rates used to determine the amount of borrowing costs eligible for capitalization for the years ended December 31, 2021, 2020 and 2019 are 4.59%, 4.54% and 4.59%, respectively (see Note 16).

The aggregate fair value of the Group's investment properties as of December 31, 2021 and 2020 amounted to ₱346.7 billion and ₱300.9 billion, respectively. The fair values of the investment properties were determined by independent professionally qualified appraisers and exceed its carrying cost.

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

Date of Valuation	Total	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
2021				
Investment properties	Various	₱346,666,206,609	₱–	₱– ₱346,666,206,609
2020				
Investment properties	Various	₱300,904,223,207	₱–	₱– ₱300,904,223,207

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

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

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

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

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

Rental income derived from investment properties amounted to ₱11,056 million, ₱10,617 million and ₱15,420 million for the years ended December 31, 2021, 2020 and 2019, respectively (see Note 21).

Property operations and maintenance costs arising from investment properties amounted to ₱701 million, ₱492 million and ₱680 million for the years ended December 31, 2021, 2020 and 2019, respectively (see Note 22).



There are no investment properties as of December 31, 2021 and 2020 that are pledged as security to liabilities. The Group has no restrictions on the realizability of its investment properties. Except for contracts awarded, there no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

The total contractual commitments arising from awarded contracts for the acquisition, development and construction of investment properties amounted to ₱13,749 million and ₱15,155 million, as of December 31, 2021 and 2020, respectively.

12. Property and Equipment

This account consists of:

	December 31, 2021					
	Land Improvements	Buildings and Improvements	Construction in Progress	Theater Furniture and Equipment	Other Equipment	Total
Cost						
Balances at January 1, 2021	₱49,944,204	₱7,265,682,082	₱2,862,223,834	₱1,236,263,555	₱5,341,596,936	₱16,755,710,611
Additions	848,795	681,500,600	309,627,210	–	59,539,390	1,051,515,995
Retirement/disposal	–	–	–	–	(2,917,857)	(2,917,857)
Reclassifications (Note 11)	–	(224,695,016)	(53,406,461)	–	53,406,461	(224,695,016)
Balances at December 31, 2021	50,792,999	7,722,487,666	3,118,444,583	1,236,263,555	5,451,624,930	17,579,613,733
Accumulated Depreciation						
Balances at January 1, 2021	20,555,475	2,819,269,463	–	956,471,599	4,451,720,052	8,248,016,589
Depreciation (Notes 22 and 24)	4,747,882	237,808,009	–	107,225,128	371,018,352	720,799,371
Retirement/disposal	–	–	–	–	(2,917,857)	(2,917,857)
Reclassifications (Note 11)	–	(76,263,810)	–	–	–	(76,263,810)
Balances at December 31, 2021	25,303,357	2,980,813,662	–	1,063,696,727	4,819,820,547	8,889,634,293
Net Book Value	₱25,489,642	₱4,741,674,004	₱3,118,444,583	₱172,566,828	₱631,804,383	₱8,689,979,440

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

The construction in progress items reclassified to their respective asset accounts in 2021 and 2020 amounted to ₱53 million and nil, respectively. The reclassifications in 2021 represent Summit Hotel Gensan. The remaining construction in progress represents new and expansion projects in various cities in Metro Manila and other parts of Visayas and Mindanao regions. These normally take three (3) to five (5) years to construct until completion.

As of December 31, 2021, the Group reclassified property and equipment to investment properties amounting to ₱225 million including accumulated depreciation amounting to ₱76 million (see Note 11).



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

Depreciation expense charged to operations amounted to ₱721 million, ₱829 million and ₱887 million for the years ended December 31, 2021, 2020 and 2019, respectively (see Notes 22 and 26).

Borrowing costs capitalized amounted to ₱134 million, ₱139 million and ₱48 million for the years ended December 31, 2021, 2020 and 2019, respectively (see Note 16).

There are no property and equipment items as of December 31, 2021 and 2020 that are pledged as security to liabilities. The Group has no restrictions on the realizability of its property and equipment. Except for contracts awarded, there no contractual obligations to purchase, construct or develop property and equipment or for repairs, maintenance and enhancements.

The total contractual commitments arising from awarded contracts for the acquisition, development and construction of property and equipment amounted to ₱1,555 million and ₱2,736 million as of December 31, 2021 and 2020, respectively.

The Group performed impairment testing on its hotel property and equipment assets with a carrying value of ₱5,274 million and ₱4,524 million as of December 31, 2021 and 2020, respectively, by assessing the recoverable amount of cash-generating units based on a value in use (VIU) calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the demand for products and services, taking into consideration the impact of the COVID-19 pandemic.

The significant assumptions used in the valuation are pre-tax discount rate of 9.73% and average growth rate of 5.20% for cash flows beyond five years. Based on the impairment testing, there is no impairment loss on the Group's hotel property and equipment assets (see Note 5).

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

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

EBITDA Margins

EBITDA margins are based on average values achieved in one (1) to five (5) years preceding the beginning of the budget period. These are increased over the budget period for anticipated efficiency improvements. A 32.82% to 60.20% EBITDA margin per annum was applied. A decreased demand can lead to a decline in gross margin.

Discount Rates

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



Growth Rate Estimates

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

13. Other Noncurrent Assets

This account consists of:

	2021	2020
Advances to land owners (Note 20)	₱3,097,764,012	₱3,745,307,951
Advances to suppliers and contractors	2,238,793,030	2,137,959,389
Utility deposits (Notes 31 and 32)	700,428,276	660,905,455
Financial assets at FVOCI	172,097,119	129,718,939
Others	195,715,869	301,320,468
	₱6,404,798,306	₱6,975,212,202

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

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

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

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

A summary of the movements follows:

	2021	2020
Beginning balance	₱129,718,939	₱91,674,297
Additions	–	24,000,000
Fair value adjustment - other comprehensive income	42,378,180	14,044,642
Ending balance	₱172,097,119	₱129,718,939

The changes in the fair value in 2021, 2020 and 2019 amounted to ₱42 million, ₱14 million and nil, respectively.

“Others” include refundable due diligence deposits. This also includes an upfront fee paid to the province of Malolos, Bulacan amounting ₱100 million as of December 31, 2021 and 2020, in relation to the lease agreement executed in October 2018 for the lease of contiguous land situated at Brgy. Bulihan, City of Malolos, owned by the Province of Bulacan, pursuant to Proclamation No. 832 dated July 17, 2014. The project shall involve the lease of the project site and utilization thereof by the Group for a mixed-use development.

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



14. Accounts Payable and Accrued Expenses

This account consists of:

	2021	2020
Accounts payable	₱10,645,301,227	₱8,307,594,890
Taxes and licenses payable	3,347,957,916	2,938,323,973
Accrued rent expense	812,269,823	839,198,621
Accrued salaries and wages	612,038,750	412,497,367
Accrued contracted services	525,647,341	489,509,112
Commissions payable	544,681,641	536,398,989
Accrued interest expense	440,303,722	575,272,217
Dividends payable	20,060,887	45,060,888
Other accrued expenses	750,925,899	720,468,340
	₱17,699,187,206	₱14,864,324,397

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

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

Accrued rent expense primarily represents accrual for film rental expense.

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

Accrued contracted services represents accrual for outsourced services such as security services, technical support, shuttle services and others.

Other accrued expense includes accrued utilities and advertising expenses.

15. Contract Liabilities, Deposits and Other Current Liabilities

This account consists of:

	2021	2020
Contract liabilities (Notes 17 and 20)	₱16,314,489,808	₱28,053,511,701
Deposits from lessees (Note 17)	3,047,062,089	2,984,978,548
Payable to affiliated companies (Note 20)	392,987,620	256,642,319
Current portion of lease liabilities (Note 34)	38,183,731	37,296,745
	₱19,792,723,248	₱31,332,429,313

Contract liabilities (including noncurrent portion shown in Note 17) consist of collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the goods and services transferred based on percentage of completion. The movement in the contract liability is mainly due to reservation of sales and advance payment of buyers less real estate sales recognized upon reaching the equity threshold from increase in percentage of completion. The contract liabilities account includes deposits from real estate buyers that have not met the revenue recognition threshold of 10% and these amounted to ₱913 million and ₱1,318 million as of December 31, 2021 and 2020.



The amount of revenue recognized from amounts included in contract liabilities at the beginning of the year amounted to ₱6,687 million, ₱10,459 million and ₱4,045 million in 2021, 2020 and 2019, respectively.

Deposits from lessees (including noncurrent portion shown in Note 17) represent cash received in advance equivalent to three (3) to six (6) month rent which shall be refunded to lessees at the end of lease term. These are initially recorded at fair value, which was obtained by discounting its future cash flows using the applicable rates of similar types of instruments. The accretion expense on these deposits, recognized in “Accretion of security deposits” under “Cost of rental services”, amounted to ₱46 million, ₱82 million and ₱76 million for the years ended December 31, 2021, 2020 and 2019, respectively (see Notes 22 and 25).

Included in the “Deposits from lessees” are unearned rental income amounting to ₱722 million and ₱579 million as of December 31, 2021 and 2020, respectively. Amortization of unearned rental income included in “Rental income” amounted to ₱46 million, ₱80 million and ₱83 million for the years ended December 31, 2021, 2020 and 2019, respectively.

16. Loans Payable

Long-term loans

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

	2021	2020
Seven-year bonds from BDO, HSBC, SB Capital, Standard Chartered, DBP and East West maturing on February 23, 2022. Principal payable upon maturity, with fixed rate at 4.8000%, interest payable semi-annually in arrears	₱10,635,500,000	₱10,635,500,000
Seven-year term loan from MBTC maturing on March 15, 2024. Principal payable in annual installment amounting to two percent (2%) of the total drawn principal amount and the balance upon maturity, with fixed rate at 4.7500%, interest payable quarterly in arrears	6,580,000,000	6,720,000,000
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.	4,950,000,000	4,960,000,000
Ten-year term loan from BPI maturing on February 13, 2027. Principal payable in annual installment amounting to ₱5 million for nine years and the balance upon maturity, with fixed rate at 4.9500%, interest payable quarterly in arrears	4,480,000,000	4,485,000,000
Ten-year bonds from BDO and Standard Chartered maturing on February 23, 2025. Principal payable upon maturity, with fixed rate at 4.9344%, interest payable semi-annually in arrears.	1,364,500,000	1,364,500,000
Five-year term loan from BDO Unibank, Inc. maturing on June 30, 2025. Principal payable upon maturity, with fixed rate at 4.7500%, interest payable quarterly in arrears.	6,000,000,000	6,000,000,000
<i>(Forward)</i>		
Three-year bonds maturing on July 17, 2023. Principal payable upon maturity, with fixed rate at 3.6830%, interest payable semi-annually in arrears.	₱12,763,070,000	₱12,763,070,000
Five-year bonds maturing on July 17, 2025. Principal payable upon maturity, with fixed rate at 3.8000%, interest payable semi-annually in arrears.	427,210,000	427,210,000
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
	47,200,280,000	53,855,280,000
Less debt issue costs	157,415,856	251,501,217
Long-term loans net of debt issue costs	47,042,864,144	53,603,778,783
Less current portion	10,790,500,000	6,655,000,000
Noncurrent portion of long-term loans	₱36,252,364,144	₱46,948,778,783



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

Debt issue costs

	2021	2020
Beginning balance	₱251,501,217	₱104,727,824
Additions	–	209,317,145
Amortizations	(94,085,361)	(62,543,752)
Ending balance	₱157,415,856	₱251,501,217

Total interest cost from short-term and long-term loans amounted to ₱1,427 million, ₱1,430 million and ₱907 million for the years ended December 31, 2021, 2020 and 2019, respectively (see Note 25).

Capitalized borrowing costs amounted to ₱892 million, ₱868 million and ₱852 million for the years ended December 31, 2021, 2020 and 2019, respectively (see Notes 9, 11 and 12).

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

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

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

Debt Covenants

The Group is required to maintain a debt-to-equity ratio not exceeding 2:1 as referenced from its consolidated financial statements as of its fiscal year end September 30 and consolidated interim financial statements as at March 31. The Group has complied with the debt covenant as of December 31, 2021 and 2020.

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

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



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

Debt Covenants

The Group is required to maintain a ratio of consolidated total borrowings to consolidated shareholders' equity not exceeding 2:1 as referenced from its consolidated audited financial statements as of its calendar year end December 31 and the consolidated interim financial statements as of March 31, June 30, and September 30. The Group has complied with the debt covenant as of December 31, 2021 and 2020.

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

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

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

Debt Covenants

The Group is required to maintain a debt-to-equity not exceeding 2:1 as referenced from its consolidated audited financial statements as of its fiscal year end September 30 and consolidated interim financial statements as at March 31. The Group has complied with the debt covenant as of December 31, 2021 and 2020.

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

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

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

Partial payment for this loan amounting to ₱5 million was made on February 13, 2021 and 2020.

Debt Covenant

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, 2021 and 2020.

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 Covenant

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, 2021 and 2020.

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

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

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

Debt Covenant

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, 2021 and 2020.

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

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

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

Debt Covenant

The Group is required to maintain a debt-to-equity ratio not exceeding 2:1 as referenced from its consolidated financial statements as of its calendar year end December 31 and consolidated interim financial statements as at June 30. The Group has complied with the debt covenant as of December 31, 2021 and 2020.

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

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

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

Debt Covenant

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



The loan matured and was paid fully in July 2021.

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

Long-term loans

	Within 1 year	>1 to 2 years	>2 to 3 years	>3 to 4 years	>4 to 10 years	Total
December 31, 2021	₱10,790,500,000	₱24,148,070,000	₱5,000,000	₱7,796,710,000	₱4,460,000,000	₱47,200,280,000
December 31, 2020	₱6,655,000,000	₱10,790,500,000	₱24,148,070,000	₱5,000,000	₱12,256,710,000	₱53,855,280,000

17. Contract Liabilities, Deposits and Other Noncurrent Liabilities

This account consists of:

	2021	2020
Deposits from lessees (Note 15)	₱3,839,296,381	₱3,263,657,716
Lease liabilities - net of current portion (Note 34)	2,092,404,232	1,940,151,368
Contract liabilities - net of current portion (Notes 15 and 20)	2,082,416,516	905,153,868
Retentions payable	621,661,081	510,887,699
Pension liabilities (Note 29)	631,686,333	666,282,219
Advances for marketing and promotional fund	319,381,529	271,538,207
Others	210,697,915	210,605,222
	₱9,797,543,987	₱7,768,276,299

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

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

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

18. Retained Earnings

After reconciling items, amount of retained earnings available for declaration as dividend by the Parent Company amounted to ₱35,434 million and ₱31,479 million as of December 31, 2021 and 2020, respectively.

Restrictions

A portion of the unappropriated retained earnings representing the undistributed net earnings of subsidiaries amounting to ₱5,991 million and ₱3,625 million as of December 31, 2021 and 2020, respectively, are not available for dividend declaration by the Parent Company until received in the form of dividends. Retained earnings are further restricted for the payment of dividends to the extent of the cost of treasury shares.



Retained earnings amounting ₱25,500 million and ₱26,000 million as of December 31, 2021 and 2020 were appropriated for future and ongoing expansions and are not available for dividends declaration.

Dividends declared

Cash dividends

The BOD declared cash dividends in favor of all its stockholders for the years ended December 31, 2021, 2020 and 2019 as follows:

	December 31, 2021	December 31, 2020	December 31, 2019
Date of declaration	May 6, 2021	May 13, 2020	May 29, 2019
Date of payment	June 21, 2021	July 13, 2020, October 27, 2020	July 12, 2019
Ex-dividend date	May 26, 2021	June 10, 2020, October 1, 2020	June 18, 2019
Dividend per share	₱0.25	₱0.25	₱0.50
Total dividends	₱1,298,457,671	₱2,596,915,343	₱2,596,915,343

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 8, 2021, the BOD approved the reversal of the retained earnings it appropriated in 2020 amounting to ₱26,000 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 approved the appropriation of ₱25,500 million, out of the unappropriated retained earnings, to support the capital expenditure requirements of the Group for various projects. These projects and acquisitions are expected to be completed on various dates from 2022 to 2027.

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

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

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



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

19. Capital Stock, Treasury Stock and Equity Reserves

Capital stock

The details of the number of common shares as of December 31, 2021 and 2020 follow:

	December 31, 2021		December 31, 2020	
	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	5,170,265,785	₱5,170,265,785	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, 2021:

	Number of shares registered	Issue/offer price	Date of SEC approval	Number of holders of securities as of year end
Balance before Initial public offering	300,000,000			
Initial public offering	200,000,000	₱1.00/share	February 10, 1989	
Increase in offer price		₱5.81/share	June 3, 1989	
Add:				
1:1 stock rights offering	500,000,000	₱2.50/share	March 15, 1991	
20% stock dividend	200,000,000	₱1.00/share	June 16, 1993	
1:2 stock rights offering	600,000,000	₱2.50/share	March 21, 1995	
Exchange for shares of JGSHI ⁽¹⁾ in MMHLC ⁽²⁾ and in RII ⁽³⁾	496,918,457		April 3, 1997	
1:2 new share offering	450,000,000	₱12.00/share	September 25, 2006	
1:2 stock rights offering	1,364,610,228	₱10.00/share	May 17, 2011	
December 31, 2017	4,111,528,685			1,066
Add: Stock rights offering	1,082,302,000	₱18.20/share	February 8, 2018	(5)
December 31, 2018	5,193,830,685			1,061
Add (deduct) movement	–			(13)
December 31, 2019	5,193,830,685			1,048
Add (deduct) movement	–			4
December 31, 2020	5,193,830,685			1,052
Add (deduct) movement	(23,564,900)			(4)
December 31, 2021⁽⁴⁾	5,170,265,785			1,048

⁽¹⁾ JGSHI - JG Summit Holdings, Inc.

⁽²⁾ MMHLC - Manila Midtown Hotels and Land Corporation

⁽³⁾ RII - Robinson's Inn Inc.

⁽⁴⁾ The adjusted weighted average number of common shares issued and outstanding during the period after giving effect to assumed conversion of potential common shares

Treasury Stock

On November 4, 2021, the BOD approved the 3 billion common share buyback program of the Parent Company. In December 2021, the Parent Company acquired a total of 23,564,900 common shares at a range price of ₱17.36 to ₱19.38 per share for a total consideration of ₱438 million.



Equity Reserves

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

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

On August 20, 2021, the Parent Company sold its investment to RCR by way of public offering at a selling price of ₱6.45 per share, with a total selling price amounting to ₱22.6 billion, net of transaction costs amounting to ₱737.32 million. As a result of the sale, the equity interest of the Parent Company over RCR changed from 100% to 63.49%. The Group assessed that the change in ownership interest of the Parent Company over RCR as a result of the public offering does not result in a loss of control. Thus, RLC accounted the decrease in ownership interest in RCR as an equity transaction. No gain or loss was recognized upon consolidation, and any difference in the proceeds from sale of shares to public and the amount to be recorded as NCI is recorded as ‘Equity Reserve in the consolidated financial statements.

Stock issuance cost

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

Capital Management

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

The Group monitors its use of capital structure using a debt-to-capital ratio which is gross debt divided by total equity. The Group includes within gross debt all interest-bearing loans and borrowings, while capital represents total equity attributable to the equity holders of the Parent Company. Following is a computation of the Group’s debt-to-capital ratio as of December 31, 2021 and 2020.

	2021	2020
(a) Loans payable (Note 16)	₱47,042,864,144	₱53,603,778,783
(b) Capital	126,006,766,503	101,839,321,911
(c) Debt-to-capital ratio (a/b)	0.37:1	0.53:1

As of December 31, 2021 and 2020, the Group is compliant with its debt covenants with lenders.



20. Related Party Transactions

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

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

	December 31, 2021			
	Amount/ Volume	Receivable (Payable)	Terms	Conditions
Ultimate Parent Company				
Rental income/receivable (a)	₱122,464,763	₱5,308,167	Three to five-year lease terms at prevailing market lease rates; renewable at the end of lease term	Unsecured; no impairment
Payable to affiliated companies (g)	128,948,551	(259,192,963)	Non-interest bearing; due and demandable	Unsecured
Under common control of Ultimate Parent Company				
Cash and cash equivalents (c)				
Cash in banks	5,213,597,818	5,668,784,133	Interest bearing at prevailing market rate; at 0.20% to 0.25% per annum; due and demandable	Unsecured; no impairment
Short-term investments	6,116,580,707	6,116,580,707	Interest bearing at prevailing market rate; at 0.375% to 1.25% per annum; due and demandable	Unsecured; no impairment
Interest income	15,605,517	10,635,657		
Rental income/receivable (a)	2,284,399,759	146,015,540	Three to 20-year lease terms at prevailing market lease rates; renewable at the end of lease term	Unsecured; no impairment
Advances to (b)	2,196,681	32,045,572	Non-interest bearing; due and demandable	Unsecured; no impairment
Payable to affiliated companies (g)	5,269,254	(131,667,161)	Non-interest bearing; due and demandable	Unsecured
Joint ventures in which the Parent Company is a venturer				
Advances to (b)	1,822,030,869	2,822,030,869	Interest-bearing at PDST R2 of applicable interest period	Unsecured; no impairment
Sale of land - contract liabilities (d)	-	(3,038,400,000)	Non-interest bearing; due in one year	Unsecured; no impairment
Sale of land - installment contract receivables (e)	-	1,144,167,528	Interest bearing at 4% interest rate; with remaining 2 annual installments	Unsecured; no impairment
Elimination of excess of gain on sale against investment in joint venture - contract liabilities (e)	-	(1,176,186,617)		
Interest income from sale of land - installment contract receivables (e)	210,702,869	210,702,869		
Elimination of excess of interest income against investment in joint venture - contract liabilities (e)	98,654,651	(98,654,651)		
Other related parties				
Advances to lot owners (f)	19,713,680	395,090,204	Non-interest bearing; due and demandable	Unsecured; no impairment
		₱11,847,259,854		



December 31, 2020				
	Amount/ Volume	Receivable (Payable)	Terms	Conditions
Ultimate Parent Company				
Rental income/receivable (a)	P79,100,497	P73,384,001	Three to five-year lease terms at prevailing market lease rates; renewable at the end of lease term	Unsecured; no impairment
Payable to affiliated companies (g)	28,392,644	(130,244,412)	Non-interest bearing; due and demandable	Unsecured
Under common control of Ultimate Parent Company				
Cash and cash equivalents (c)				
Cash in banks	(739,506,924)	455,186,315	Interest bearing at prevailing market rate; at 0.20% to 0.25% per annum; due and demandable	Unsecured; no impairment
Short-term investments	1,093,000,267	1,093,000,267	Interest bearing at prevailing market rate; at 0.375% to 1.25% per annum; due and demandable	Unsecured; no impairment
Interest income	8,225,042	1,588,149		
Rental income/receivable (a)	2,024,233,627	188,601,404	Three to 20-year lease terms at prevailing market lease rates; renewable at the end of lease term	Unsecured; no impairment
Advances to (b)	4,532,524	29,848,891	Non-interest bearing; due and demandable	Unsecured; no impairment
Payable to affiliated companies (g)	64,997,888	(126,397,907)	Non-interest bearing; due and demandable	Unsecured
Joint ventures in which the Parent Company is a venturer				
Advances to (b)	(330,000,000)	1,000,000,000	Interest-bearing at PDST R2 of applicable interest period	Unsecured; no impairment
Sale of land - installment contract receivables (e)	-	2,005,960,000	Interest bearing at 4% interest rate; with remaining 2 annual installments	Unsecured; no impairment
Elimination of excess of gain on sale against investment in joint venture - contract liabilities (e)	-	(895,520,498)		
Interest income from sale of land - installment contract receivables (e)	101,099,160	101,099,160		
Elimination of excess of interest income against investment in joint venture - contract liabilities (e)	50,549,580	(50,549,580)		
Other related parties				
Advances to lot owners (f)	100,977	375,376,524	Non-interest bearing; due and demandable	Unsecured; no impairment
		P1,415,782,314		

Outstanding balances consist of the following:

	2021	2020
Cash and cash equivalents (Note 7)	P11,785,364,840	P1,548,186,582
Advances to affiliated companies (Note 8)	2,854,076,441	1,029,848,891
Advances to lot owners (Note 13)	395,090,204	375,376,524
Rental receivables (Note 8)	151,323,707	261,985,405
Others (Note 8)	10,635,657	1,588,149
Installment contract receivables (Note 8)	1,354,870,397	2,107,059,160
Contract liabilities (Note 17)	(4,313,241,268)	(3,651,620,078)
Payable to affiliated companies (Note 15)	(390,860,124)	(256,642,319)
	P11,847,259,854	P1,415,782,314



Significant transactions with related parties are as follows:

(a) *Rental income*

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

(b) *Advances to affiliated companies*

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

On June 13, 2019, the Parent Company extended advances to SRPI amounting to ₱1,000 million in accordance with the joint venture agreement. The advances remain outstanding as of December 31, 2021.

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

In 2021 and 2020, the Parent Company also extended advances to other affiliates amounting to ₱32 million and ₱30 million, respectively.

(c) *Cash and cash equivalents*

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

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

In 2018, the Parent Company also entered into a contract to sell a parcel of land located within the Bridgetowne Complex in Pasig City with RHK Land Corporation (RHK Land). Total selling price of the land is ₱2,706 million (net of VAT) was paid in full in 2018. As the project is ongoing development, the payments received from RHK Land was presented as contract liabilities, deposits and other current liabilities in consolidated statement of financial position as of December 31, 2020.

In 2021, the development of this property was completed and all commitments and obligations of the Parent Company to RHK Land were fulfilled. Accordingly, the amounts that are previously under contract liabilities were recognized as real estate revenue in 2021.

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

In June 2018, the Parent Company entered into a contract to sell two (2) adjoining parcels of land located at Bonifacio, Global City Taguig, with Shang Robinsons Properties Inc. (SRPI), a joint venture with Shang Properties, Inc. (SPI). Total selling price is ₱5,015 million (net of value added tax) and shall be payable in five (5) annual installments, with interest at a rate of 4% per annum on the unpaid amount of the purchase price. Out of the amount of selling price and cost of land, ₱2,507 million and ₱398 million were recognized in real estate sales and cost of real estate sales, respectively. These amounts represent the portion sold to SPI by virtue of its 50% ownership in SRPI. The remaining 50% will be recognized as SRPI starts to sell developed real estate properties to its customers. In 2021 and 2020, the Parent Company realized ₱128 million and ₱66 million from this deferred gain, respectively. As of December 31, 2021 and 2020, deferred gain on sale of land of ₱1,682 million and ₱1,277 million was presented against the carrying value of the investment in SRPI for financial statement presentation purposes (see Note 30). In addition, ₱438 million and ₱896 million is currently presented under “Contract



liabilities, deposits and other noncurrent liabilities” as of December 31, 2021 and 2020, respectively (see Notes 15 and 17). Outstanding balance for the purchase price amounted to ₱1,003 million presented under installment contract receivables while interest from the said receivable amounted to ₱30 million and ₱51 million as of December 31, 2021 and 2020, respectively.

(f) *Advances to lot owners*

In 2021 and 2020, the Parent Company made advances to BRFLC’s stockholder amounting to ₱19.71 million and ₱.10 million, respectively, for the purchase of parcels of land. The total remaining outstanding balances as of December 31, 2021 and 2020 amounted to ₱395 million and ₱375 million, respectively.

(g) *Payable to affiliated companies*

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

Terms and conditions of transactions with related parties

There have been no guarantees provided or received for any related party receivables or payables. The Group has not recognized any impairment losses on amounts receivables from related parties for the years ended December 31, 2021, 2020 and 2019. 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:

	2021	2020	2019
Short-term employee benefits	₱1,415,941,363	₱1,255,883,031	₱1,236,991,433
Post-employment benefits	95,143,866	86,267,912	61,807,906
	₱1,511,085,229	₱1,342,150,943	₱1,298,799,339

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

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

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

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

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



21. Revenue

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

	2021	2020, (As restated - see Note 3)	2019, (As restated - see Note 3)
Revenue from contracts with customers			
Recognized over time			
Residential development	¥5,202,951,110	¥11,717,577,404	¥8,708,003,578
Recognized at a point in time			
Residential development	10,882,315,856	–	–
Integrated developments	2,932,847,441	132,606,872	320,940,495
Hotels and resorts	1,202,075,617	1,083,317,112	2,432,639,988
Amusement income	3,389,267	218,910,438	2,151,785,393
	15,020,628,181	1,434,834,422	4,905,365,876
Total revenue from contracts with customers	20,223,579,291	13,152,411,826	13,613,369,454
Rental income	11,056,317,537	10,617,088,269	15,420,499,255
Other income	5,259,520,752	4,256,717,447	4,831,527,429
	¥36,539,417,580	¥28,026,217,542	¥33,865,396,138

Performance obligations

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

Real estate sales

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

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

On real estate sales from Chengdu Xin Yao, the revenue is recognized under the completed contract method. Under this method, all revenue and costs associated with the sale of the real estate inventories are recognized at a point in time only after the completion of the real estate projects.

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

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



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

	2021	2020
Within one year	₱16,314,489,808	₱27,843,679,129
More than one year	2,082,416,516	905,153,868
	₱18,396,906,324	₱28,748,832,997

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

Residential development

Type of Product	2021	2020	2019
Philippines			
Residences	₱4,315,436,457	₱10,684,921,537	₱7,693,160,488
Homes	887,514,653	1,032,655,867	1,014,843,090
	5,202,951,110	11,717,577,404	8,708,003,578
China			
Chengdu Xin Yao	10,882,315,856	—	—
	₱16,085,266,966	₱11,717,577,404	₱8,708,003,578

The Group's real estate sales from residential development are revenue from contracts with customers recognized over time and at a point in time.

Real estate sales include interest income from installment contract receivables amounting to ₱743 million, ₱779 million and ₱323 million for the years ended December 31, 2021, 2020 and 2019. These are also recognized over time.

Integrated Developments

The real estate revenues amounting to ₱2,933 million, ₱132 million and ₱321 million in 2021, 2020 and 2019, respectively, pertain to the sale of parcels of land which were recognized at a point in time.

Hotels and resorts

Type of Product	2021	2020	2019
Rooms	₱825,943,006	₱769,884,612	₱1,604,880,400
Food and beverage	318,677,123	234,081,453	724,881,634
Franchise revenue	18,603,660	16,855,546	27,137,473
Others	38,851,828	62,495,501	75,740,481
	₱1,202,075,617	₱1,083,317,112	₱2,432,639,988

The Group's revenue from hotels and resorts is attributed to the operations from the development and management of hotels and resorts. In view of the continuing community quarantines and restricted travel, the Group's hotels and resorts segment continues to be adversely affected by the lower number of guests and reduced room rates, both of which have significantly impacted the revenues reported under this segment. Also, many restaurants remain closed or allowed limited operations which impacted the food and beverage revenues of the segment.



Rental income

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

Costs to obtain contract

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

	2021	2020
Balance at beginning of year	₱114,512,720	₱230,171,138
Additions	845,088,708	654,107,757
Amortization (Note 23)	(545,309,395)	(769,766,175)
Balance at end of year	₱414,292,033	₱114,512,720

22. Costs

This account consists of:

	2021	2020, (As restated - see Note 3)	2019, (As restated - see Note 3)
Real Estate Operations			
Cost of Rental Services			
Depreciation and amortization (Note 26)	₱4,828,802,579	₱4,766,938,604	₱4,607,173,026
Property operations and maintenance costs (Note 11)	700,694,713	491,977,798	680,456,641
Accretion of security deposits (Notes 15 and 25)	45,551,338	81,719,528	76,293,508
	5,575,048,630	5,340,635,930	5,363,923,175
Cost of Real Estate Sales (Note 9)	13,344,164,863	6,161,235,541	4,235,325,163
Cost of Amusement Services			
Film rentals expense	1,595,616	92,678,800	956,468,868
Others			
Contracted services	269,922,155	300,103,610	448,170,471
Others	2,812,732,973	2,701,520,778	4,392,230,935
	3,082,655,128	3,001,624,388	4,840,401,406
	22,003,464,237	14,596,174,659	15,396,118,612
Hotel Operations			
Cost of Room Services			
Property operations and maintenance costs	233,504,672	279,461,422	454,239,278
Depreciation (Note 26)	418,165,445	417,760,276	359,372,389
	651,670,117	697,221,698	813,611,667

(Forward)



	2021	2020, (As restated - see Note 3)	2019, (As restated - see Note 3)
Cost of Food and Beverage	₱120,156,022	₱116,701,743	₱380,535,302
Others			
Salaries and wages (Note 25)	233,333,563	186,866,971	227,866,865
Contracted services	78,643,369	76,155,650	162,308,423
Management fees	4,459,753	7,475,302	27,473,180
Supplies	57,610,173	29,247,821	60,043,442
Commission	5,144,844	15,343,086	54,021,163
Others	223,524,197	218,761,806	363,728,219
	602,715,899	533,850,636	895,441,292
	1,374,542,038	1,347,774,077	2,089,588,261
	₱23,378,006,275	₱15,943,948,736	₱17,485,706,873

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

23. General and Administrative Expenses

This account consists of:

	2021	2020	2019
Salaries and wages (Notes 20, 24 and 29)	₱1,277,751,666	₱1,143,528,832	₱1,095,392,480
Taxes and licenses	891,231,180	660,794,393	871,343,597
Commission	626,019,755	790,062,423	807,360,809
Advertising and promotions	256,310,349	311,495,096	610,213,348
Insurance	113,128,114	135,467,549	152,723,079
Light, water and communication	111,602,214	91,169,163	89,871,012
Association dues	48,973,657	148,662,981	235,682,979
Travel and transportation	30,530,946	21,746,328	53,522,483
Supplies	29,145,875	39,668,479	97,689,379
Rent (Note 34)	22,215,077	14,022,060	16,184,587
Entertainment, amusement and recreation	8,110,257	8,578,646	16,030,117
Others	32,583,661	223,207,805	50,779,530
	₱3,447,602,751	₱3,588,403,755	₱4,096,793,400

Other expenses for the year ended December 31, 2020 include provision for impairment losses amounting ₱180 million (Note 8). Others also include legal fees, audit fees, consultant fees, bank charges and other professional fees.

24. Personnel Expenses

Personnel expenses consist of:

	2021	2020	2019
Salaries, wages and other staff costs	₱1,328,971,131	₱1,182,405,179	₱1,162,639,446
Pension expense (Note 29)	95,143,866	74,512,772	86,267,912
SSS contributions, PAG-IBIG contributions, premiums and others	86,970,232	73,477,852	74,351,987
	₱1,511,085,229	₱1,330,395,803	₱1,323,259,345



The above amounts are distributed as follows:

	2021	2020	2019
General and administrative (Note 23)	₱1,277,751,666	₱1,143,528,832	₱1,095,392,480
Hotel operations (Note 22)	233,333,563	186,866,971	227,866,865
	₱1,511,085,229	₱1,330,395,803	₱1,323,259,345

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

Interest income consists of:

	2021	2020	2019
Interest income:			
Cash and cash equivalents (Note 7)	₱167,105,094	₱239,358,482	₱287,417,657
Interest income from installment contract receivable - recognized under real estate sales (Note 21)	743,130,799	779,097,282	322,778,964
	₱910,235,893	₱1,018,455,764	₱610,196,621

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

	2021	2020	2019
Loans payable (Note 16)	₱1,426,827,563	₱1,429,987,739	₱907,257,726
Lease liabilities (Note 34)	152,761,675	147,011,090	145,565,692
Interest expense presented under “Interest expense”			
Accretion on deposits presented under “Cost of rental services” (Notes 15 and 22)	45,551,338	81,719,528	76,293,508
	₱1,625,140,576	₱1,658,718,357	₱1,129,116,926

Capitalized borrowing costs for the years ended December 31, 2021, 2020 and 2019 are discussed in Notes 9, 11, 12 and 16.

26. Depreciation and Amortization

This account consist of:

	2021	2020	2019
Real estate (Notes 11, 12, 22 and 34)			
Depreciation	₱4,769,350,429	₱4,707,136,675	₱4,550,908,737
Amortization of ROU asset (Note 34)	59,452,150	59,801,929	56,264,289
Hotel operations (Notes 12 and 22)			
Depreciation	418,165,445	417,760,276	359,372,389
	₱5,246,968,024	₱5,184,698,880	₱4,966,545,415



27. Income Tax

The Group's current provision for (benefit from) 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:

	2021	2020	2019
Current			
RCIT	₱1,570,963,586	₱1,224,090,815	₱2,249,459,433
Final tax	10,696,584	22,422,405	22,710,178
MCIT	47,277	2,002,924	4,699,110
	1,581,707,447	1,248,516,144	2,276,868,721
Deferred	(1,602,156,036)	498,383,741	537,305,284
	(₱20,448,589)	₱1,746,899,885	₱2,814,174,005

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

	2021	2020	2019
Statutory income tax rate	25.00%	30.00%	30.00%
Reductions in income tax resulting from:			
Interest income subjected to final tax	(1.23)	(0.08)	(0.33)
Tax exempt real estate sales	(0.01)	(0.16)	(0.19)
Effect of change in income tax rate pursuant to the effectivity of CREATE Act	(10.93)	–	–
Income subjected to BOI, PEZA and lower tax	(13.07)	(4.83)	(5.03)
Effective income tax rate	(0.24%)	24.93%	24.45%

Deferred taxes as of December 31, 2021 and 2020 relate to the tax effects of the following:

	2021	2020
Deferred tax assets:		
Lease liabilities	₱532,646,991	₱593,234,434
Pension liabilities	194,227,751	207,932,398
Accrued interest expense	134,342,482	151,140,202
Allowance for impairment loss	56,924,818	68,309,782
Accrued commissions	30,406,082	81,530,380
MCIT	11,297,825	10,993,747
Unrealized foreign exchange loss	–	14,541,400
	959,845,949	1,127,682,343
Deferred tax liabilities:		
Excess of real estate revenue based on percentage-of-completion over real estate revenue based on tax rules	(1,896,378,509)	(2,830,010,602)
Unamortized capitalized interest expense	(1,344,651,715)	(1,963,663,525)
Accrued rent income	(559,584,437)	(690,795,632)
Right-of-use assets	(299,702,648)	(333,690,830)
Unamortized debt issuance cost	(41,708,620)	(78,275,956)
Unrealized foreign exchange gain	(19,650,637)	–
Fair value reserve of financial assets at FVOCI	(35,305,498)	(22,267,741)
	(4,196,982,064)	(5,918,704,286)
Net deferred tax liabilities	(₱3,237,136,115)	(₱4,791,021,943)

Benefit for deferred tax relating to remeasurements of defined benefit liability recognized directly in equity amounted to ₱17 million, ₱79 million ₱66 million for the years ended December 31, 2021, 2020 and 2019, respectively. Provision for deferred tax relating to remeasurements of defined benefit



liability recognized directly in equity amounted to ₱4 million, ₱2 million and ₱15 million for the years ended December 31, 2021, 2020 and 2019 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 ₱2 million and ₱9 million for the years ended December 31, 2021 and 2020. The deferred tax assets of the above deductible temporary differences for which no deferred tax assets have been recognized amounted to ₱1 million and ₱3 million as of December 31, 2021 and 2020.

As of December 31, 2021 and 2020 deferred tax liabilities have not been recognized on the undistributed earnings and cumulative translation adjustment of foreign subsidiaries since the timing of the reversal of the taxable temporary difference can be controlled by the Group and management does not expect the reversal of the taxable temporary differences in the foreseeable future.

Bayanihan to Recover as One Act

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

Details of NOLCO incurred for taxable years 2021 and 2020 which are available for offset against future taxable income over a period of five (5) years are as follows:

Year incurred	Amount	Expired/Applied	Balance	Expiry Date
2021	₱2,096,427	₱–	₱2,096,427	December 31, 2026
2020	150,926	–	150,926	December 31, 2025
	₱2,247,353	₱–	₱2,247,353	

As of December 31, 2021, the details of NOLCO incurred for taxable years prior to 2020 which are available for offset against future taxable income over a period of three (3) years are as follows:

Year incurred	Amount	Expired/Applied	Balance	Expiry Date
2019	₱8,613,865	₱–	₱8,613,865	December 31, 2022

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

Year incurred	Amount	Expired/Applied	Balance	Expiry Date
2021	₱39,942	₱–	₱39,942	December 31, 2024
2020	2,002,924	–	2,002,924	December 31, 2023
2019	4,699,110	–	4,699,110	December 31, 2022
2018	403,217	403,217	–	December 31, 2021
	₱7,145,193	₱403,217	₱6,741,976	



Movements in NOLCO and MCIT follows:

NOLCO	2021	2020
Beginning balances	₱8,764,791	₱9,131,710
Additions	2,096,427	150,926
Expirations	–	(517,845)
Ending balances	₱10,861,218	₱8,764,791

MCIT	2021	2020
Beginning balances	₱7,105,251	₱5,417,775
Additions	39,942	2,002,924
Expirations	(403,217)	(315,448)
Ending balances	₱6,741,976	₱7,105,251

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

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

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



- For investments prior to effectivity of CREATE:
 - i. Registered business enterprises (RBEs) granted only an ITH – can continue with the availment of the ITH for the remaining period of the ITH.
 - ii. RBEs granted an ITH followed 5% GIT or are currently enjoying 5% GIT – allowed to avail of the 5% GIT for 10 years.

Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. This resulted in lower provision for current income tax for the year ended December 31, 2020 and lower income tax payable as of December 31, 2020, which was reflected in the Company’s 2020 annual income tax return and recognized for financial reporting purposes in its 2021 financial statements. The impact of the reduction of the income tax rate from 30% to 25% in 2020 was recognized in the 2021 consolidated statement of comprehensive income.

RCR being a REIT entity is entitled to the deductibility of dividend distribution from its taxable income, provided it complies with the requirements under R.A. No. 9856 and IRR of R.A. No. 9856.

28. Basic/Diluted Earnings Per Share

Earnings per share amounts were computed as follows:

	2021	2020	2019
a. Net income attributable to equity holders of Parent Company	₱8,062,990,250	₱5,263,683,512	₱8,686,233,159
b. Weighted average number of common shares outstanding adjusted (Note 19)	5,191,205,293	5,193,830,685	5,193,830,685
c. Earnings per share (a/b)	₱1.55	₱1.01	₱1.67

There were no potential dilutive shares for the years ended December 31, 2021, 2020 and 2019.

29. Employee Benefits

Pension Plans

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

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

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



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

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

	2021	2020	2019
Service cost	₱70,206,866	₱56,527,009	₱66,580,614
Net interest cost	24,927,000	17,985,763	19,687,298
Pension expense	₱95,133,866	₱74,512,772	₱86,267,912

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, 2021, 2020 and 2019.

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

	2021	2020
Present value of defined benefit obligation	₱715,238,136	₱765,271,635
Fair value of plan assets	(83,551,803)	(98,989,416)
Pension liabilities	₱631,686,333	₱666,282,219

Changes in net defined benefit liability of funded funds follow:

	2021		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability/(asset)
Balance at January 1, 2021	₱765,271,635	₱98,989,415	₱666,282,219
Net benefit cost in consolidated statement of comprehensive income:			
Current service cost	70,216,866	–	70,216,866
Net interest cost	28,680,163	3,753,163	24,927,000
Subtotal	98,897,029	3,753,163	95,143,866
Benefits paid	–	(11,451,686)	11,451,686
Remeasurements in other comprehensive income:			
Actuarial changes arising from experience adjustments	20,992,516	–	20,992,516
Actuarial changes arising from changes in financial/demographic assumptions	(136,597,243)	–	(136,597,243)
Return on plan assets	–	(19,338,849)	19,338,849
Subtotal	(115,604,727)	(19,338,849)	(96,265,878)
Contributions paid	(33,325,801)	11,599,760	(44,925,560)
Balance at December 31, 2021	₱715,238,136	₱83,551,803	₱631,686,333



	2020		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability/(asset)
Balance at January 1, 2020	₱481,501,376	₱120,262,120	₱361,239,256
Net benefit cost in consolidated statement of comprehensive income:			
Current service cost	56,527,009	–	56,527,009
Net interest cost	23,599,028	5,613,265	17,985,763
Subtotal	80,126,037	5,613,265	74,512,772
Benefits paid	–	(21,813,578)	21,813,578
Remeasurements in other comprehensive income:			
Actuarial changes arising from experience adjustments	167,174,536	–	167,174,536
Actuarial changes arising from changes in financial/demographic assumptions	74,325,128	–	74,325,128
Return on plan assets	–	(15,845,500)	15,845,500
Subtotal	241,499,664	(15,845,500)	257,345,164
Contributions paid	(37,855,442)	10,773,109	(48,628,551)
Balance at December 31, 2020	₱765,271,635	₱98,989,416	₱666,282,219
	2019		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability/(asset)
Balance at January 1, 2019	₱464,993,377	₱139,980,890	₱325,012,487
Net benefit cost in consolidated statement of comprehensive income:			
Current service cost	44,277,528	–	44,277,528
Past service cost	22,303,086	–	22,303,086
Net interest cost	26,505,290	6,817,992	19,687,298
Subtotal	93,085,904	6,817,992	86,267,912
Benefits paid	(14,991,030)	(15,578,368)	587,338
Remeasurements in other comprehensive income:			
Actuarial changes arising from experience Adjustments	(144,771,038)	–	(144,771,038)
Actuarial changes arising from changes in financial/demographic assumptions	83,184,163	–	83,184,163
Return on plan assets	–	(10,958,394)	10,958,394
Subtotal	(61,586,875)	(10,958,394)	(50,628,481)
Balance at December 31, 2019	₱481,501,376	₱120,262,120	₱361,239,256

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 follows:

	2021	2020
Cash and cash equivalents:		
Savings deposit account	₱7,075,600	₱126,295
Other securities	11,490,183	4,925,863
	18,565,783	5,052,158
Investment in debt instruments:		
Fixed rate bonds	24,264,105	30,062,548
Other debt instruments	1,374,430	38,918
	25,638,535	30,101,466
Accrued interest receivable	275,164	303,336
Other assets	39,090,874	64,508,544
Accrued trust and management fee payable	(18,553)	(976,088)
	₱83,551,803	₱98,989,416



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, 2021 and 2020.

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 ₱70 million to the defined benefit pension plans in 2022.

The average duration of the defined benefit obligation of the Group as of December 31, 2021 and 2020 is 11 and 17 years, respectively.

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

	2021	2020
Discount rate	4.62% to 5.19%	3.17% to 4.13%
Rate of salary increase	4.00% to 5.00%	4.70% to 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, 2021 and 2020, assuming all other assumptions were held constant.

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



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

		Increase (decrease) on pension liabilities	
		2021	2020
Discount rates	+1.00%	(P51,341,828)	(P64,775,773)
	-1.00%	58,522,638	74,940,988
Salary increase rates	+1.00%	P57,949,902	P72,748,884
	-1.00%	(51,818,263)	(64,255,469)

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

	2021	2020
Less than 1 year	P80,420,306	P35,064,852
More than 1 years to 5 years	307,672,817	286,070,659
More than 5 years to 10 years	558,170,102	536,142,337
More than 10 years to 15 years	497,371,781	514,871,618
More than 15 years to 20 years	509,329,689	525,224,875
More than 20 years	828,611,668	1,111,415,273

30. Interest in Joint Ventures and Joint Operations

A. Interest in Joint Ventures

This account consists of the following:

	Percentage of ownership	2021	2020
RHK Land Corporation	60.00	P1,342,881,713	P1,341,554,976
Robinsons DoubleDragon Corp.	65.72	672,605,442	673,652,470
RLC DMCI Property Ventures, Inc.	50.00	375,360,156	357,497,448
Shang Robinsons Properties, Inc.*	50.00	—	—
GoTyme Bank Corporation	20.00	200,000,000	—
Balance at end of year		P2,590,847,311	P2,372,704,894

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

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

	2021	2020
Investment in stocks - cost:		
Balance at beginning of year	P2,175,527,962	P2,308,024,332
Additions	200,000,000	65,720,000
Elimination of interest income on the sale of land	(101,894,007)	(47,092,151)
Elimination of gain on sale of land to joint venture	(302,994,159)	(151,124,219)
Balance at end of year	1,970,639,796	2,175,527,962
Accumulated equity in net earnings:		
Balance at beginning of year	197,176,932	42,157,316
Equity in net earnings during the year	423,030,583	155,019,616
Balance at end of year	620,207,515	197,176,932
	P2,590,847,311	P2,372,704,894

Joint Venture with Hong Kong Land Group

On February 5, 2018, the Parent Company's BOD approved the agreement with Hong Kong Land Group (HKLG) represented by Hong Kong Land International Holdings, Ltd. and its subsidiary Ideal



Realm Limited to form a joint venture corporation (JVC).

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

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

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

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

Summarized financial information of RHK Land, presented in Philippine Peso, which is its functional and presentation currency and prepared in accordance with PFRSs as at and for the years ended December 31, 2021 and 2020 are as follows:

Summarized statements of financial position:

	2021	2020
Current assets	₱3,968,147,605	₱3,275,771,788
Noncurrent assets	426,834,029	428,068,906
Current liabilities	(515,197,053)	(208,968,700)
Noncurrent liabilities	(1,194,327,483)	(812,701,457)
Equity	2,685,457,098	2,682,170,537
Proportion of Group's ownership	60.00%	60.00%
Group's share in identifiable net assets	1,611,274,259	1,609,302,322
Carrying amount of investment	₱1,342,881,713	₱1,341,554,976

Summarized statements of comprehensive income:

	2021	2020
Revenues	₱370,322,632	₱-
Cost of sales	(230,046,401)	-
Interest income	287,651	380,887
Interest expense	(36,323,614)	(38,025,086)
Depreciation	(14,185,098)	(10,347,672)
Other expenses	(70,790,922)	(49,134,945)
Income (loss) before income tax	19,264,248	(97,126,816)
Income tax benefit (expense)	(16,610,774)	29,176,135
Net income (loss)	2,653,474	(67,950,681)
Other comprehensive income	633,088	-
Total comprehensive income (loss)	₱3,286,562	(₱67,950,681)

Additional information:

	2021	2020
Cash and cash equivalents	₱196,776,920	₱90,508,162
Noncurrent financial liabilities*	1,194,327,483	814,542,365

*Excluding trade and other payables and provision.



Reconciliation of the carrying amount of investment in RHK Land as of December 31, 2021 and 2020 is as follows:

	2021	2020
Beginning balance	₱1,341,554,976	₱1,375,530,317
Equity in net earnings (loss)	1,326,737	(33,975,341)
Carrying amount of investment	₱1,342,881,713	₱1,341,554,976

Joint Venture with DoubleDragon Properties Corp.

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

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

Summarized financial information of RDDC, presented in Philippine Peso, which is its functional and presentation currency and prepared in accordance with PFRS as at and for the years ended December 31, 2021 and 2020 follows:

Summarized statements of financial position:

	2021	2020
Current assets	₱555,076,166	₱238,069,943
Noncurrent assets	805,684,459	797,818,128
Current liabilities	(22,136,771)	(10,896,620)
Equity	1,338,623,854	1,024,991,451
Proportion of Group's ownership	65.72%	65.72%
Group's share in identifiable net assets	879,743,597	673,624,382
Carrying amount of investment	₱672,605,442	₱673,624,382

Summarized statements of comprehensive income:

	2021	2020
Other expenses	(₱1,592,491)	(₱966,859)
Net loss/ Total comprehensive loss	(₱1,592,491)	(₱966,859)

Additional information:

	2021	2020
Cash and cash equivalents	₱459,523,849	₱143,745,997



Reconciliation of the carrying amount of investment in RDDC as of December 31, 2021 and 2020 is as follows:

	2021	2020
Beginning balance	₱673,652,470	₱613,308,121
Additional/initial investment	–	65,720,000
Equity in net loss	(1,047,028)	(5,375,651)
Carrying amount of investment	₱672,605,442	₱673,652,470

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 and for the years ended December 31, 2021 and 2020 follows:

Summarized statement of financial position:

	2021	2020
Current assets	₱2,899,480,537	₱2,264,265,548
Noncurrent assets	88,497,428	100,883,589
Current liabilities	(340,010,589)	(317,250,653)
Noncurrent liabilities	(1,632,661,919)	(1,068,318,443)
Equity	1,015,305,457	979,580,041
Proportion of Group's ownership	50.00%	50.00%
Group's share in identifiable net assets	507,652,729	489,790,021
Carrying amount of investment	₱375,360,156	₱357,497,448

Summarized statement of comprehensive income:

	2021	2020
Revenue	₱213,305,570	₱6,211,645
Cost of sales	(143,139,670)	(4,221,509)
Gross profit	70,165,900	1,990,136
Interest income	3,133,222	10,853,485
Interest expense	(4,550,208)	(11,785,666)
Other expenses	(18,627,723)	(12,061,350)
Income (loss) before income tax	50,121,191	(11,003,395)
Income tax benefit (expense)	(14,395,775)	3,311,871
Net income (loss)/ Total comprehensive income	₱35,725,416	(₱7,691,524)
(loss)		



Additional information:

	2021	2020
Cash and cash equivalents	₱268,068,316	₱473,607,885
Noncurrent financial liabilities*	(1,491,368,193)	(993,643,274)

*Excluding trade and other payables and provision.

Reconciliation of the carrying amount of investment in RLC DMCI as of December 31, 2021 and 2020 follows:

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, 2021, the Parent Company has already extended a loan to SRPI amounting to ₱1,000 million (see Notes 8 and 20).

Summarized financial information of SRPI, presented in Philippine Peso, which is its functional and presentation currency and prepared in accordance with PFRSs as at and for the years ended December 31, 2021 and 2020 are as follows:

Summarized statements of financial position:

	2021	2020
Current assets	₱12,542,718,615	₱9,188,271,545
Noncurrent assets	269,339,168	384,133,286
Current liabilities	(4,504,631,214)	(3,850,530,594)
Noncurrent liabilities	(4,943,113,600)	(3,167,337,600)
Equity	3,364,312,969	2,554,536,637
Proportion of Group's ownership	50.00%	50.00%
Group's share in identifiable net assets	1,682,156,485	1,277,268,319
Carrying amount of investment	₱-	₱-



Summarized statements of comprehensive income:

	2021	2020
Revenue	₱2,004,051,580	₱929,357,646
Cost of sales	(770,913,291)	(364,980,368)
Gross profit	1,233,138,289	564,377,278
Interest income	7,191,073	30,782,143
Depreciation	(429,961)	(441,529)
Other expenses	(102,921,843)	(77,814,376)
Income before income tax	1,136,977,558	516,903,516
Income tax expense	(327,201,227)	(145,836,412)
Net income/ Total comprehensive income	₱809,776,331	₱371,067,104

Additional information:

	2021	2020
Cash and cash equivalents	₱2,337,768,838	₱2,986,436,833
Noncurrent financial liabilities*	3,775,776,000	2,000,000,000

*Excluding trade and other payables and provision

Reconciliation of the carrying amount of investment in SRPI as of December 31, 2021 and 2020 is as follows:

	2021	2020
Beginning balance	₱1,277,268,320	₱1,079,051,949
Equity in net earnings	404,888,165	198,216,371
	1,682,156,485	1,277,268,320
Elimination of gain on sale of land (Note 20)	(1,682,156,485)	(1,277,268,320)
Carrying amount of investment	₱-	₱-

Deferred gain on sale of land to SRPI attributable to the Parent Company was offset against the remaining carrying amount of investment in SRPI. The excess of the gain on sale of land amounting to ₱438 million and ₱896 million were presented as contract liabilities - net of current portion as of December 31, 2021 and 2020, respectively.

Joint Venture with Tyme Global Limited, Robinsons Bank Corporation and Robinsons Retail Holdings, Inc.

On December 28, 2021, GoTyme Bank Corporation (GTBC) was incorporated as the joint venture company (JVC) between RLC, Tyme Global Limited, Robinsons Bank Corporation and Robinsons Retail Holdings, Inc. The primary purpose is to carry on and engage in a business of a digital bank. The investment in GTBC is accounted as an investment in joint venture using equity method of accounting because the contractual arrangement between the parties establishes joint control.

Financial information of GTBC, presented in Philippine Peso, which is its functional and presentation currency and prepared in accordance with PFRS as at December 31, 2021

	2021
Equity	1,000,000,000
Proportion of Group's ownership	20.00%
Group's share in identifiable net assets	200,000,000
Carrying amount of investment	₱200,000,000

B. Joint Operations

The Group has entered into joint venture agreements with various landowners and other companies



with various percentage interests in these joint operations depending on the value of the land or investment against the estimated development costs. These joint venture agreements entered into by the Group relate to the development and sale of subdivision land, condominium and residential units, with certain level of allocation of condominium unites/lots to be sold to buyers with provisions for sharing in the cash collection on the sale of allocated developed units.

The Group's joint venture agreements typically require the joint venture partner to contribute the land free from any lien, encumbrance and tenants or informal settlers to the project, with the Group bearing all the cost related to the land development and the construction of subdivision land, condominium and residential units, including the facilities.

Sales and marketing costs are allocated to both the Group and the joint operations partner. The projects covering the joint venture agreement are expected to be completed within two to three years. Each joint operations party has committed to contribute capital based on the terms of the joint venture agreement.

The total development costs on these joint ventures amounted to ₱5,589 million and ₱5,505 million as of December 31, 2021 and 2020, respectively. Total revenues from these joint ventures amounted to ₱298 million, ₱975 million and ₱961 million in 2021, 2020 and 2019, respectively.

Interest in joint projects with Horizon Land Property & Development Corporation, formerly Harbour Land Realty and Development Corp and Federal Land, Inc. (Jointly Controlled Operations)

On February 7, 2011, the Parent Company entered into a joint venture agreement with Horizon Land Property & Development Corporation (HLPDC), formerly Harbour Land Realty and Development Corp and Federal Land, Inc. (FLI) to develop Axis Residences (the Project) located along Pioneer Street in Mandaluyong City. The construction of the planned 2-phase residential condominium has commenced in March 2012. One tower of first phase was completed in 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, 2021 and 2020 which are included in the consolidated financial statements follow:

	2021	2020
Assets		
Cash and cash equivalents	₱1,002,078,039	₱1,053,151,322
Receivables	369,335,600	889,403,010
Inventory	127,219,510	75,436,830
Other assets	88,129,267	26,406,015
Total assets	₱1,586,762,416	₱2,044,397,177
Total liabilities	₱1,573,790,777	₱1,829,127,423

The following is the share of the Parent Company on the net income of the jointly controlled operations for the years ended December 31, 2021 and 2020:

	2021	2020
Realized sales	(₱29,996,355)	₱604,868,579
Interest and other income	49,345,718	42,922,612
	19,349,363	647,791,191
Cost of sales	(21,662,400)	366,728,271
General and administrative expenses	22,480,852	25,555,554
Income before income tax	18,530,911	255,507,366
Provision for income tax	5,559,274	40,237,612
Net income	₱12,971,637	₱215,269,754

Reconciliation of the carrying amount of investment in jointly controlled operations as of December 31, 2021 and 2020 is as follows:

	2021	2020
Beginning balance	₱215,269,754	₱92,794,865
Equity in net earnings	122,474,889	122,474,889
Carrying amount of investment	₱337,744,643	₱215,269,754

There were no dividends declared in 2021, 2020 and 2019.



31. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of short-term loans, loans payable, lease liabilities, deposit from lessees, receivables from affiliated companies, payables to affiliated companies, utility deposits, receivables and cash and cash equivalents. The main purpose of these financial instruments is to raise fund for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from its operations.

The main risks currently arising from the Group's financial instruments are foreign currency market risk, liquidity risk, interest rate risk and credit risk. The BOD reviews and approves policies for managing each of these risks and they are summarized below, together with the related risk management structure.

Risk Management Structure

The Group's risk management structure is closely aligned with that of the Parent Company. The BOD of the Parent Company and the respective BODs of each subsidiary are ultimately responsible for the oversight of the Group's risk management processes that involve identifying, measuring, analyzing, monitoring and controlling risks.

The risk management framework encompasses environmental scanning, the identification and assessment of business risks, development of risk management strategies, design and implementation of risk management capabilities and appropriate responses, monitoring risks and risk management performance, and identification of areas and opportunities for improvement in the risk management process.

Each BOD has created the board-level Audit Committee (AC) to spearhead the managing and monitoring of risks.

Audit Committee

The AC shall assist the Group's BOD in its fiduciary responsibility for the over-all effectiveness of risk management systems, and both the internal and external audit functions of the Group.

Furthermore, it is also the AC's purpose to lead in the general evaluation and to provide assistance in the continuous improvements of risk management, control and governance processes.

The AC also aims to ensure that:

- a. financial reports comply with established internal policies and procedures, pertinent accounting and audit standards and other regulatory requirements;
- b. risks are properly identified, evaluated and managed, specifically in the areas of managing credit, market, liquidity, operational, legal and other risks, and crisis management;
- c. audit activities of internal and external auditors are done based on plan, and deviations are explained through the performance of direct interface functions with the internal and external auditors; and
- d. the Group's BOD is properly assisted in the development of policies that would enhance the risk management and control systems.



Enterprise Risk Management Group (ERMG)

To systematize the risk management within the Group, the ERMG was created to be primarily responsible for the execution of the enterprise risk management framework. The ERMG's main concerns include:

- a. recommending risk policies, strategies, principles, framework and limits;
- b. managing fundamental risk issues and monitoring of relevant risk decisions;
- c. providing support to management in implementing the risk policies and strategies; and
- d. developing a risk awareness program.

Support groups have likewise been created to explicitly manage on a day-to-day basis specific types of risks like trade receivables, supplier management, etc.

Compliance with the principles of good corporate governance is also one of the objectives of the BOD. To assist the BOD in achieving this purpose, the BOD has designated a Compliance Officer who shall be responsible for monitoring the actual compliance with the provisions and requirements of the Corporate Governance Manual and other requirements on good corporate governance, identifying and monitoring control compliance risks, determining violations, and recommending penalties on such infringements for further review and approval of the BOD, among others.

Risk Management Policies

The main risks arising from the use of financial instruments are foreign currency risk, liquidity risk, interest rate risk and credit risk. The Group's policies for managing the aforementioned risks are summarized below.

Market risk

Foreign Currency Risk

Foreign currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises from financial instruments that are denominated in United States Dollar (USD) which result primarily from movement of the Philippine Peso (PHP) against the USD.

The Group does not have any foreign currency hedging arrangements.

The table below summarizes the Group's exposure to foreign currency risk:

	December 31, 2021		December 31, 2020	
Assets				
Cash and cash equivalents	\$836,608	₱42,666,153	\$3,003,011	₱144,213,560
Liabilities				
Accounts payable and accrued expenses	274,293	13,988,668	315,028	15,128,573
Net foreign currency-denominated assets	\$562,315	₱28,677,485	\$2,687,983	₱129,084,987

	December 31, 2021		December 31, 2020	
Assets				
Cash and cash equivalents	RMB724,391,434	₱5,812,249,564	RMB1,579,549,449	₱11,621,323,409
Liabilities				
Accounts payable and accrued expenses	79,760,402	639,968,034	139,307,269	1,024,934,565
Net foreign currency-denominated assets	RMB644,631,032	₱5,172,281,530	RMB1,440,242,180	₱10,596,388,844



	December 31, 2021		December 31, 2020	
Assets				
Cash and cash equivalents	SGD3,308	₱125,042	SGD 4,670	₱169,637

	December 31, 2021		December 31, 2020	
Assets				
Cash and cash equivalents	CAD19,667.05	₱754,022	CAD 4,604	₱172,172

The exchange rates used to translate the Group's USD-denominated assets and liabilities as of December 31, 2021 and 2020 follow:

	December 31, 2021	December 31, 2020
US Dollar - Philippine Peso exchange rate	₱51.00 to US\$1.00	₱48.02 to US\$1.00
Chinese Yuan - Philippine Peso exchange rate	₱8.02 to RMB1.00	₱7.36 to RMB1.00
Singapore Dollar - Philippine Peso exchange rate	₱37.81 to SGD1.00	₱36.32 to SGD1.00
Canadian Dollar - Philippine Peso exchange rate	₱38.34 to CAD1.00	₱37.40 to CAD1.00

The following table sets forth the impact of the range of reasonably possible changes in the USD-PHP exchange rate on the Group's income before income tax for the year ended December 31, 2021 and 2020.

Reasonably Possible Changes in USD-PHP Exchange Rates	Change in Income Before Income Tax
<u>December 31, 2021</u>	
2.0% PHP appreciation	(₱573,550)
2.0% PHP depreciation	573,550
<u>December 31, 2020</u>	
2.0% PHP appreciation	(₱2,581,700)
2.0% PHP depreciation	2,581,700
<u>Reasonably Possible Changes in RMB-PHP Exchange Rates</u>	<u>Change in OCI</u>
<u>December 31, 2021</u>	
2.0% PHP appreciation	(₱103,445,631)
2.0% PHP depreciation	103,445,631
<u>December 31, 2020</u>	
2.0% PHP appreciation	(₱211,927,777)
2.0% PHP depreciation	211,927,777
<u>Reasonably Possible Changes in SGD-PHP Exchange Rates</u>	<u>Change in Income Before Income Tax</u>
<u>December 31, 2021</u>	
2.0% PHP appreciation	(₱2,501)
2.0% PHP depreciation	2,501
<u>December 31, 2020</u>	
2.0% PHP appreciation	(₱3,393)
2.0% PHP depreciation	3,393
<u>Reasonably Possible Changes in CAD-PHP Exchange Rates</u>	<u>Change in Income Before Income Tax</u>
<u>December 31, 2021</u>	
2.0% PHP appreciation	(₱15,080)



2.0% PHP depreciation 15,080

December 31, 2020

2.0% PHP appreciation (₱3,443)
 2.0% PHP depreciation 3,443

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, 2021 and 2020, 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, 2021						Total
	On Demand	1 to 3 months	4 to 12 months	More than 1 year but less than 5 years	5 years or more		
<i>Financial assets at amortized cost</i>							
Cash and cash equivalents	₱11,936,889,458	₱6,712,884,326	₱-	₱-	₱-		₱18,649,773,784
Receivables							
Trade	4,457,340,361	4,017,241,312	5,973,041,932	4,352,711,735	374,905,462		19,175,240,802
Affiliated companies	2,854,076,441	-	-	-	-		2,854,076,441
Others	81,249,976	859,814,687	72,328,913	-	-		1,013,393,576
Other assets							
Restricted cash	378,034,904	-	-	-	-		378,034,904
Utility deposits	2,427,000	-	-	544,598,012	153,403,264		700,428,276
Total financial assets	₱19,710,018,140	₱11,589,940,325	₱6,045,370,845	₱4,897,309,747	₱528,308,726		₱42,770,947,783
<i>Financial liabilities</i>							
Accounts payable and accrued expenses	₱2,840,737,312	₱5,179,082,383	₱6,331,409,595	₱621,661,081	₱631,686,333		₱15,604,576,704
Payables to affiliated companies and others (included under Deposits and other current liabilities)	392,987,620	-	-	-	-		392,987,620
Deposits from lessees	-	1,492,271,667	1,554,790,422	1,772,643,466	2,066,652,915		6,886,358,470
Lease liabilities	-	8,682,667	47,628,447	147,447,587	3,064,087,814		3,267,846,515
Loans payable and future interest payment	-	11,488,518,207	1,015,856,489	31,538,221,466	3,507,464,188		47,550,060,350
Other financial liabilities	₱3,233,724,932	₱18,168,554,924	₱8,949,684,953	₱34,079,973,600	₱9,269,891,250		₱73,701,829,659



December 31, 2020

	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	₱1,108,520,005	₱12,895,738,779	₱–	₱–	₱–	₱14,004,258,784
Receivables						
Trade	4,343,805,976	2,761,423,117	6,440,516,961	5,675,489,844	1,185,941,016	20,407,176,914
Affiliated companies	1,029,848,891	–	–	–	–	1,029,848,891
Others	61,895,813	740,186,931	52,548,641	–	–	854,631,385
Other assets						
Restricted cash	4,006,791,007	–	–	–	–	4,006,791,007
Utility deposits	8,719,131	–	–	514,748,450	146,157,005	669,624,586
Total financial assets	₱10,559,580,823	₱16,397,348,827	₱6,493,065,602	₱6,190,238,294	₱1,332,098,021	₱40,972,331,567
<i>Accounts payable and accrued expenses</i>						
Accounts payable and accrued expenses	₱2,796,338,396	₱6,318,533,122	₱2,848,425,651	₱664,437,426	₱2,236,589,802	₱14,864,324,397
Payables to affiliated companies and others (included under Deposits and other current liabilities)	256,642,319	–	–	–	–	256,642,319
Deposits from lessees	–	1,428,487,668	1,556,490,880	1,716,701,000	1,546,956,716	6,248,636,264
Lease liabilities	–	34,153,724	104,842,182	630,780,039	5,736,218,935	6,505,994,880
Loans payable and future interest payment	–	990,253,166	7,784,983,750	43,839,906,815	3,924,629,754	56,539,773,485
Other financial liabilities	₱3,052,980,715	₱8,771,427,680	₱12,294,742,463	₱46,851,825,280	₱13,444,395,207	₱84,415,371,345

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, 2021 and 2020.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily from cash and cash equivalents and receivables).

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis. Customers credit risk is managed by each business unit subject to the Group's established policy, procedures and controls. Credit quality of a customer is assessed and individual credit limits are defined in accordance with this assessment. These measures result in the Group's exposure to impairment loss as not significant. For installment contract receivables, exposure to bad debt is not significant as title to real estate properties are not transferred to the buyers until full payment has been made and the requirement for remedial procedure is minimal given the profile of buyers.



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

With respect to credit risk arising from the Group's financial assets, which comprise of cash and cash equivalents and receivables, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Credit risk from balances with banks and financial institution is managed by the Group's treasury department. Investments are only made with approved and credit worthy counterparties and within the credit limits assigned to each counterparty.

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

a. Credit risk exposure

The table below shows the gross maximum exposure to credit risk of the Group as of December 31, 2021 and 2020 without considering the effects of collaterals and other credit risk mitigation techniques:

	2021	2020
Cash and cash equivalents (net of cash on hand)	₱17,061,786,011	₱13,994,251,961
Receivables - net		
Trade receivables		
Installment contract receivable - at amortized cost	13,550,013,003	14,941,310,062
Installment contract receivable - at FVOCI	459,685,079	931,573,340
Rental receivables	3,878,612,354	2,435,594,930
Accrued rent receivable	1,023,695,381	1,834,791,308
Hotel operations	263,234,985	263,907,274
Affiliated companies	2,854,076,441	1,029,848,891
Other receivables	1,013,393,576	854,631,385
Other assets		
Restricted cash - escrow	378,034,904	4,006,791,007
Utility deposits	700,428,276	669,624,586
Financial assets at FVOCI	172,097,119	129,718,939
	₱41,355,057,129	₱41,092,043,683

The credit risk on installment contract receivables is mitigated because the corresponding title to the subdivision units sold under this arrangement is transferred to the buyers only upon full payment of the contract price. Applying the expected credit risk model did not result in the recognition of an impairment loss for all financial assets at amortized cost in 2021 and 2020.

b. Risk concentrations of the maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the



Group's financial strength and undermine public confidence. Given the Group's diverse base of counterparties, it is not exposed to large concentrations of credit risks.

c. Credit quality per class of financial assets

The table below shows the credit quality by class of financial assets as of December 31, 2021 and 2020, gross of allowance for credit and impairment losses:

	December 31, 2021						Total
	Neither Past Due Nor Impaired			Past Due but not Impaired	Past Due and Impaired		
	High Grade	Standard Grade	Substandard Grade				
Cash and cash equivalents (net of cash on hand)	₱17,061,786,011	₱-	₱-	₱-	₱-	₱17,061,786,011	
Receivables:							
Trade receivables							
Installment contract receivables - at amortized cost	12,425,284,377	-	-	1,124,728,626	19,000,000	13,569,013,003	
Installment contract receivables - at FVOCI	429,494,883	-	-	30,190,196	-	459,685,079	
Rental receivables	716,949,044	-	-	3,161,663,310	190,148,722	4,068,761,076	
Accrued rent receivables	1,023,695,381	-	-	-	-	1,023,695,381	
Hotel operations	118,697,778	-	-	144,537,207	3,778,978	267,013,963	
Affiliated companies	2,854,076,441	-	-	-	-	2,854,076,441	
Other receivables	1,013,393,576	-	-	-	-	1,013,393,576	
Other assets							
Restricted cash	378,034,904	-	-	-	-	378,034,904	
Utility Deposits	700,428,276	-	-	-	-	700,428,276	
Financial Assets at FVOCI	172,097,119	-	-	-	-	172,097,119	
	₱36,893,937,790	₱-	₱-	₱4,461,119,339	₱212,927,700	₱41,567,984,829	

	December 31, 2020						Total
	Neither Past Due Nor Impaired			Past Due but not Impaired	Past Due and Impaired		
	High Grade	Standard Grade	Substandard Grade				
Cash and cash equivalents (net of cash on hand)	₱13,994,251,961	₱-	₱-	₱-	₱-	₱13,994,251,961	
Receivables:							
Trade receivables							
Installment contract receivables - at amortized cost	12,806,030,730	-	-	2,135,279,332	19,000,000	14,960,310,062	
Installment contract receivables - at FVOCI	787,496,740	-	-	144,076,600	-	931,573,340	
Rental receivables	567,028,167	-	-	1,868,566,763	190,148,722	2,625,743,652	
Accrued rent receivables	1,834,791,308	-	-	-	-	1,834,791,308	
Hotel operations	64,245,015	-	-	199,662,259	3,778,978	267,686,252	
Affiliated companies	1,029,848,891	-	-	-	-	1,029,848,891	
Other receivables	854,631,385	-	-	-	-	854,631,385	
Other assets							
Restricted cash	4,006,791,007	-	-	-	-	4,006,791,007	
Utility Deposits	669,624,586	-	-	-	-	669,624,586	
Financial Assets at FVOCI	129,718,939	-	-	-	-	129,718,939	
	₱36,744,458,729	₱-	₱-	₱4,347,584,954	₱212,927,700	₱41,304,971,383	

High grade cash and cash equivalents are short-term placements and working cash fund placed, invested, or deposited in foreign and local banks belonging to the top ten (10) banks, including an affiliate bank, in the Philippines in terms of resources, profitability and credit standing.

High grade accounts, other than cash and cash equivalents, are accounts considered to be of high value. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits. Receivable from installment contract receivables are considered high grade as title of the real estate property of the subject receivable passes to the buyer once fully paid. Standard grade accounts are active accounts with propensity of deteriorating to mid-range age buckets. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.



Substandard grade accounts are accounts which have probability of impairment based on historical trend. These accounts show propensity to default in payment despite regular follow-up actions and extended payment terms.

32. Financial Instruments

The carrying amount of cash and cash equivalents, trade receivables (except installment contract receivables), other receivables, utility deposits, receivable and payable to affiliated companies and accounts payable and accrued expenses are approximately equal to their fair values due to the short-term nature of the transaction.

Set out below is a comparison of carrying amounts and fair values of installment contract receivables, deposits from lessees and loans payable that are carried in the consolidated financial statements.

	December 31, 2021		December 31, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Installment contract receivable				
Measured at amortized cost	₱13,550,013,003	₱13,018,056,548	₱14,941,310,062	₱14,435,223,345
Measured at FVOCI	459,685,079	459,685,079	931,573,340	931,573,340
Equity investment at FVOCI	172,097,119	172,097,119	129,718,939	129,718,939
Utility deposits	700,428,276	617,636,251	669,624,586	617,242,771
Retentions payable	621,661,081	561,216,562	510,887,699	477,279,098
Deposits from lessees	6,886,358,470	6,251,534,818	6,248,025,012	5,884,371,416
Lease liabilities	2,130,587,963	1,731,282,252	1,977,448,113	1,742,281,832
Loans payable	47,042,864,144	47,550,060,350	53,603,778,783	56,539,773,485

The fair values of installment contract receivables, customers' deposits, retentions payable, lease liabilities and loans payable are based on the discounted value of future cash flows using the applicable rates for similar types of loans and receivables as of reporting date. The discount rates used range from 1.9% to 4.4% as of December 31, 2021 and 1.9% to 2.7% as of December 31, 2020.

The fair value of equity investments at FVOCI are based on discounted value of future cash flows using the applicable rate of 11.8% to 12.5% as of December 31, 2020.

Fair Value Hierarchy

The Group uses the following hierarchy for determining the fair value of financial instruments:

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

Level 2: - other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: - techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The fair value of installment contract receivables, deposits from lessees and loans payable disclosed in the consolidated financial statements is categorized within level 3 of the fair value hierarchy. There has been no reclassification from Level 1 to Level 2 or 3 category.

33. Registration with the Board of Investments (BOI) and the Philippine Economic Zone Authority (PEZA)

Certain operations of the Group are registered with the BOI and PEZA as preferred pioneer and non-pioneer activities. As registered enterprises, these consolidated subsidiaries are subject to some requirements and are entitled to certain tax and non-tax incentives which are considered in the computation of the provision for income tax.



Dusit Thani Mactan Cebu

The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “New Operator of Tourist Accommodation Facility (Dusit Thani Mactan Cebu)” on a Non-Pioneer status at a capacity of two hundred seventy-two (272) rooms, under Certificate of Registration No. 2019-061 dated March 28, 2019. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from March 29, 2019 to March 28, 2023.

Summit Hotel Greenhills

The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “New Operator of Tourist Accommodation Facility (Summit Hotel Greenhills)” on a Non-Pioneer status at a capacity of one hundred (100) rooms, under Certificate of Registration No. 2019-093 dated May 15, 2019. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from July 2019 to June 2023.

Summit Hotel Naga

The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “New Operator of Tourist Accommodation Facility (Summit Hotel Naga)” on a Non-Pioneer status at a capacity of sixty (60) rooms, under Certificate of Registration No. 2020-210 dated October 28, 2020. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from March 2021 to February 2025.

Go Hotel Naga

The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “New Operator of Tourist Accommodation Facility (Go Hotel Naga)” on a Non-Pioneer status at a capacity of sixty-eight (68) rooms, under Certificate of Registration No. 2020-211 dated October 28, 2020. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from March 2021 to February 2025.

Westin Manila Sonata Place

The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “New Operator of Tourist Accommodation Facility (Westin Manila Sonata Place Hotel)” on a Non-Pioneer status at a capacity of three hundred three rooms (303) rooms, under Certificate of Registration No. 2020-231 dated December 16, 2020. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from March 2022 to February 2026.

Go Hotel, Butuan

The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “New Operator of Tourist Accommodation Establishment (Hotel - Go Hotel, Butuan)” on a Non-Pioneer status at a capacity of one hundred four (104) rooms, under Certificate of Registration No. 2014-214 dated December 5, 2014. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from January 2015 to December 2019.

The Pearl Place - Tower B

The Parent Company is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “Mass Housing” on a Non-Pioneer status at a capacity of four hundred forty-six (446) units, under Certificate of Registration No. 2016-159 dated August 3, 2016. Under the terms of its registration, the Group is entitled to income tax holiday for a period of three (3) years from October 2016 to October 2019.



Acacia Escalades-(Phase 2)-Building B

The Parent Company is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “Mass Housing” on a Non-Pioneer status at a capacity of two hundred eighty-six (286) units, under Certificate of Registration No. 2016-264 dated December 22, 2016. Under the terms of its registration, the Group is entitled to income tax holiday for a period of three (3) years from January 2018 to January 2021.

Axis Residences (Phase 1)-Tower B

The Parent Company is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “Mass Housing” on a Non-Pioneer status at a capacity of four hundred fifty-six (456) units, under Certificate of Registration No. 2016-263 dated December 22, 2016. Under the terms of its registration, the Group is entitled to income tax holiday for a period of three (3) years from August 2018 to August 2021.

Go Hotels Davao, Inc.

The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “New Operator of Tourist Accommodation Facility (Go Hotels Lanang - Davao City)” on a Non-Pioneer status at a capacity of one hundred eighty-three (183) rooms, under Certificate of Registration No. 2015-266 dated December 3, 2015. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from January 2016 to December 2019.

Summit Hotel Tacloban

The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “New Operator of Tourist Accommodation Facility (Summit Hotel Tacloban)” on a Non-Pioneer status at a capacity of one hundred thirty-eight (138) rooms, under Certificate of Registration No. 2017-236 dated August 16, 2017. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from April 2018 to March 2022.

Go Hotel, Iligan

The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “New Operator of Tourist Accommodation Establishment (Hotel - Go Hotel, Iligan)” on a Non-Pioneer status at a capacity of one hundred (100) rooms, under Certificate of Registration No. 2017-235 dated August 16, 2017. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from April 2018 to March 2022.

Robinsons Cyberpark

The Group is also registered with PEZA (beginning October 1, 2004) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution No. 00-262 dated August 17, 2003, for creating and designating 68,596 square meters of land located at EDSA corner Pioneer Street, Mandaluyong City as an IT Park to be known as The Robinsons Cyberpark. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Robinsons Cybergate Center

The Group is also registered with PEZA (beginning February 8, 2006) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution No. 00-262 dated August 17, 2003, for creating and designating 11,125 square meters of land located at Araneta Singcang St., Barrio Tangub, National Road, Bacolod City, Negros Occidental as an IT Park to be known as The Robinsons Cybergate Center. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.



Robinsons Place Lipa

The Group is also registered with PEZA (beginning November 3, 2006) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution No. 00-262 dated August 17, 2003, for creating and designating 65,399 square meters of land located at JP Laurel Highway, Mataas na Lupa, Lipa City, Batangas as an IT Park to be known as The Robinsons Place Lipa. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Robinsons Big Supercenter Cainta Junction

The Group is also registered with PEZA (beginning October 28, 2005) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution No. 00-262 dated August 17, 2003, for creating and designating 19,522 square meters of land located at Ortigas Avenue Extension, Cainta Junction, Cainta, Rizal as an IT Park to be known as

The Robinsons Cyberpark. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Robinsons Luisita

The Group is also registered with PEZA (beginning December 10, 2008) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution No. 08-183 dated March 31, 2008, designating a building with a gross floor area of 9,025 square meters, which stands on a 12,703 square meter lot located at McArthur Highway, San Miguel, Tarlac as Information Technology (IT) Center, henceforth to be known as Robinsons Luisita. On January 5, 2017, the expansion of the existing Robinsons Luisita, specifically the construction of additional 3-storey office building which shall increase the gross floor area of the IT Center from 9,025 square meters to 15,330.82 square meters, has also been registered with PEZA. Under the terms of its registration, the Group’s expansion is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Cybergate Naga

This is a PEZA-registered, five-storey office development located in the Robinsons Place Naga complex in Roxas Avenue, Naga City in the province of Camarines Sur. The three floors of office space (i.e., the third to fifth floors) with an aggregate GLA of 6,070 sqm and related machinery and improvements to the Cybergate Naga building are owned by RL Commercial REIT (RCR), one of the Company’s subsidiaries. The rest of the building will continue to be owned by the Parent Company. In addition, RCR executed an agreement with the Parent Company to lease the land where the building stands for a 99-year term at a land lease rate that is 7% of Cybergate Naga’s Rental Income per month. There are no adverse claims on the land leased from the Parent Company. Subject to such land lease, the Parent Company will continue to own the land where the building is located.

Cybergate Delta 1

This is a Grade A, PEZA-registered, five-storey office development located in Robinsons Cyberpark Davao along J.P. Laurel Avenue, Davao City in the province of Davao. The building has an aggregate GLA of 11,910 sqm. RCR owns the Cybergate Delta 1 building. In addition, RCR executed an agreement with the Parent Company to lease the land where the building stands for a 99-year term at a land lease rate that is 7% of Cybergate Delta 1’s Rental Income per month. There are no adverse claims on the land leased from the Parent Company. Subject to such land lease, the Parent Company will continue to own the land where the building is located.

Robinsons Cyberpark Davao

The Group is also registered with PEZA (beginning October 3, 2017) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone



Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution No. 16-377 dated June 28, 2016, for creating and designating 12,022 square meters, more or less, of land located along J.P. Laurel Avenue, Davao City as an IT Park, to be known as Robinsons Cyberpark Davao. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Robinsons Galleria Cebu

The Group is also registered with PEZA (beginning July 12, 2013) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 12-001 dated January 17, 2012, for creating and designating a building with an area of 46,345 square meters, more or less, located at General Maxilom Avenue, Cebu City as Information Technology (IT) Center, to be known as Robinsons Galleria Cebu. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives under RA 7916, as amended.

Robinsons Place Ilocos Norte Expansion

The Group is also registered with PEZA (beginning May 13, 2016) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 15-271 dated May 28, 2015, for creating and designating a building located at Barangay 1 San Francisco, San Nicolas, Ilocos Norte, with an aggregate land area of 26,537 square meters, more or less, as Information Technology (IT) Center, to be known as Robinsons Place Ilocos Norte Expansion. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Cyberscape Gamma

The Group is also registered with PEZA (beginning July 16, 2015) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 15-377 dated January 16, 2015, for creating and designating a building which stands on a 1,954.50 square meters, more or less, lot located at Topaz and Ruby Roads, Ortigas Center, Pasig City as Information Technology (IT) Center, to be known as Cyberscape Gamma. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives.

Robinsons Starmills Pampanga

The Group is also registered with PEZA (beginning September 11, 2007) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution No. 06-544 dated November 28, 2006, for creating and designating a building established on parcels of land containing an aggregate area of 238,324 square meters, more or less, located at Gapan-Olongapo Road, Brgy. San Jose, San Fernando, Pampanga as an Information Technology (IT) Center, to be known as Robinsons Starmills Pampanga. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives.



On May 23, 2017, the Group also registered for the construction, operation, and management of a 6-level building with a gross floor area of 12,503.25 square meters to be annexed into its existing Robinsons Starmills Pampanga IT Center under resolution No. 17-276. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime

Robinsons Summit Center

This is a Grade A, PEZA-registered, 37-storey office tower with four basement levels located along Ayala Avenue in the Makati City CBD, Metro Manila. RCR owns 31 office condominium units and 301 parking slots, together with certain machinery and equipment in the Robinsons Summit Tower with an aggregate GLA of 31,394 sqm. As a condominium owner, RCR also owns an undivided interest in the land on which the Robinsons Summit Tower is located.

Robinsons Equitable Tower

This is a Grade A, PEZA-registered, 45-storey office tower with four basement levels developed by Robinsons Land Corporation and located in the Ortigas Center CBD, Pasig City, Metro Manila. RCR owns 27.2% of the units/ 96 office condominium units and 38 parking slots in the Robinsons Equitable Tower with an aggregate GLA of 14,365 sqm. As a condominium owner, RCR also owns an undivided interest in the land on which the Robinsons Equitable Tower is located.

Cyberscape Alpha

This is a Grade A, PEZA-registered, 25-storey building with seven basement levels and a roof deck, located along Sapphire and Garnet Roads within the Ortigas Center CBD, Pasig City, Metro Manila with an aggregate GLA of 49,902 sqm. The building has three hotel floors with an approximate area of 6,320 sqm occupied by GO Hotels and retail spaces at the ground floor. The office floors are located from the 5th to the 26th levels. The Company owns the Cyberscape Alpha Building; in addition, RCR executed an agreement with the Parent Company to lease the land where the building stands for a 99-year term at a land lease rate that is 7% of Cyberscape Alpha's Rental Income per month. There are no adverse claims on the land leased from the Parent Company. Subject to such land lease, the Parent Company will continue to own the land where the building is located.

Cyberscape Beta

This is a Grade A, PEZA-registered, 36-storey building with four basement levels, a mezzanine and a roof deck, located along Topaz and Ruby Roads within the Ortigas Center CBD, Pasig City, Metro Manila. The building has an aggregate GLA of 42,245 sqm comprising retail spaces located at the ground and mezzanine floors and office spaces located from the 9th to the 37th levels. RCR owns the Cyberscape Beta building; in addition, RCR executed an agreement with the Parent Company to lease the land where the building stands for a 98-year term at a land lease rate that is 7% of Cyberscape Beta's Rental Income per month. There are no adverse claims on the land leased from the Parent Company. Subject to such land lease, the Parent Company will continue to own the land where the building is located.

Tera Tower

This is a PEZA-registered, LEED Gold certified, Prime Grade, 20-storey building with one basement level and a roof deck, located within the Bridgetowne Complex in C-5 Road, Ugong Norte in Quezon City, Metro Manila and in proximity to the Ortigas Center CBD. The building has retail support at the ground floor and office spaces located at the 6th to 20th floors with an aggregate GLA of 35,087 sqm. RCR owns the Tera Tower; in addition, RCR executed an agreement with the Parent Company to lease the land where the building stands for a 98-year term at a land lease rate that is 7% of Tera Tower's Rental Income per month. There are no adverse claims on the land leased from the Parent Company. Subject to such land lease, the Parent Company will continue to own the land where the building is located.



Exxa-Zeta Tower

This is a PEZA-registered, LEED Silver certified, Prime Grade, twin tower office building located within the Bridgetowne Complex in C-5 Road, Ugong Norte in Quezon City, Metro Manila and in proximity to the Ortigas Center CBD. The Exxa Tower and the Zeta Tower each have 20 storeys and share a common retail area spanning two floors and podium parking floors from second to the fifth floors. The Exxa Tower has GLA of 39,280 sqm while Zeta Tower has GLA of 35,303 for a combined aggregate GLA of 74,584 sqm. RCR owns the Exxa-Zeta Tower; in addition, RCR executed an agreement with the Parent Company to lease the land where the buildings stand for a 99-year term at a land lease rate that is 7% of Exxa-Zeta Tower's rental income per month. There are no adverse claims on the land leased from the Parent Company. Subject to such land lease, the Parent Company will continue to own the land where the towers are located.

Robinsons Cybergate Center 2

This is a Grade A, PEZA-registered, 27-storey office building, located in Robinsons Cybergate Complex, a mixed-use development located along the major thoroughfare of EDSA corner Pioneer Street in Mandaluyong City, Metro Manila. The office building has a GLA of 43,672 sqm and is owned by RCR. Both the building and the land where Robinsons Cybergate Center 2 is located are owned by the parent Company. RCR entered into an agreement with the Parent Company to lease the Robinsons Cybergate Center 2 building for 98 years at a building lease rate that is 7% of Robinsons Cybergate Center 2's Rental Income per month. Subject to such lease, the Parent Company will continue to own the building and the land where the building is located. Under applicable law, the maximum lease term is 99 years. In those cases where two Properties are in the same vicinity, such as Robinsons Cybergate Center 2 and Robinsons Cybergate Center 3, the lease terms are a combination of 99 years and 98 years such that the lease would not expire at the same time. The Cybergate Center Buildings are adjacent to a mall and fall under a single tax title. As such, the Sponsor decided to carve-out and lease the Cybergate Center Buildings, which are office buildings, to avoid subjecting potential REIT investors to the uncertainty of the retail market at this time.

Robinsons Cybergate Center 3

This is a Grade A, PEZA-registered, 27-storey office building, located in Robinsons Cybergate Complex, a mixed-use development located along the major thoroughfare of EDSA corner Pioneer Street in Mandaluyong City, Metro Manila. The office building has a GLA of 44,614 sqm and is owned by the Parent Company. Both the building and the land where Robinsons Cybergate Center 2 is located are owned by the Parent Company. RCR entered into an agreement with the Parent Company to lease the Robinsons Cybergate Center 3 building for 99 years at a building lease rate that is 7% of Robinsons Cybergate Center 3's Rental Income per month. Subject to such lease, the Parent Company will continue to own the building and the land where the building is located. Under applicable law, the maximum lease term is 99 years. In those cases where two Properties are in the same vicinity, such as Robinsons Cybergate Center 2 and Robinsons Cybergate Center 3, the lease terms are a combination of 99 years and 98 years such that the lease would not expire at the same time. The Cybergate Center Buildings are adjacent to a mall and fall under a single tax title. As such, the Parent Company decided to carve-out and lease the Cybergate Center Buildings, which are office buildings, to avoid subjecting potential REIT investors to the uncertainty of the retail market at this time.

Robinsons Cybergate Cebu

This is a PEZA-registered, seven-storey building with three basement levels and roof deck, mixed-used building located in Fuente Osmena Circle, Cebu City in the province of Cebu. The Fuente Osmena Circle is a famous landmark in Cebu City and is surrounded by commercial establishments such as hotels, restaurants, banks, convenience stores, offices and shopping centers. The building has a retail mall at the ground floor and three floors of office space. The three floors of office space (i.e., the fifth to seventh floors) with an aggregate GLA of 6,866 sqm and related machinery and improvements to the building are owned by RCR. The rest of the building will continue to be owned by the Parent Company. In addition, RCR executed an agreement with the Parent Company to lease the land where the building stands for a 98-year term at a land lease rate that is 7% of Robinsons



Cybergate Cebu's Rental Income per month. There are no adverse claims on the land leased from the Parent Company. Subject to such land lease, the Sponsor will continue to own the land where the building is located.

Galleria Cebu

This is a Grade A, PEZA-registered, office development integrated with the Robinsons Galleria Cebu mall located in General Maxilom Avenue, corner Sergio Osmena Boulevard, Cebu City in the province of Cebu. The four-storey building has a retail mall and office space with two basement levels and a roof deck. The two floors of office space (i.e., the third and fourth floor) with an aggregate GLA of 8,851 sqm and related machinery and improvements to the Robinsons Galleria Cebu building are owned by RCR. The rest of the building will continue to be owned by the Parent Company. In addition, RCR executed an agreement with the Parent Company to lease the land where the building stands for a 99-year term at a land lease rate that is 7% of Galleria Cebu's Rental Income per month. There are no adverse claims on the land leased from the Parent Company. Subject to such land lease, the Sponsor will continue to own the land where the building is located.

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

This is a Grade A, PEZA-registered, 20-storey office development, located in Lawton Avenue, McKinley West, Fort Bonifacio, Taguig City, Metro Manila and in proximity to the Bonifacio Global City and Makati City CBDs. The office project has an aggregate GLA of 49,970 sqm. RCR owns the Cyber Sigma building. The building is located on land leased by the Sponsor from the Bases Conversion Development Authority (BCDA) under a 25-year term lease agreement which commenced in 2014, and which the Parent Company assigned to RCR. There are no adverse claims on the land leased from BCDA. The lease is renewable for another 25 years and includes an Option to Purchase the land and its improvements from BCDA on the 24th year of the initial lease period.

Luisita BTS 1

This is a PEZA-registered, three-storey build to suit office development dedicated to one IT-BPM tenant located in the Robinsons Luisita Complex, McArthur Highway, Barangay SanMiguel, Tarlac City in the province of Tarlac. The Luisita Complex is a mix of commercial, industrial and residential developments and accessible from other areas of Tarlac province and Central Luzon. The building was custom built to suit the requirements of the tenant and has a GLA of 5,786 sqm. RCR owns the Luisita BTS 1 building. In addition, RCR executed an agreement with the Parent Company to lease the land where the building stands for a 99-year term at a land lease rate that is 7% of Luisita BTS 1's Rental Income per month. There are no adverse claims on the land leased from the Parent Company. Subject to such land lease, the Parent Company will continue to own the land where the building is located.



Robinsons Luisita 2

The Group is also registered with PEZA (beginning June 25, 2020) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution No. 19-004 dated January 16, 2019, for the declaration of a 2-storey building (with roofdeck) with gross floor area of 5,033.35 square meters, more or less, located at McArthur Highway, San Miguel, Tarlac City, as Special Economic Zone (Information Technology (IT) Center) to be known as Robinsons Luisita 2. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Robinsons Luisita 3

The Group is also registered with PEZA (beginning March 4, 2021) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution No. 19-429 dated August 29, 2019, for creating and designating a building with a gross floor area of 6,737.45 square meters, more or less, and the parcel of land upon which the building stands with an area of 3,254.73 square meters, located along McArthur Highway, San Miguel, Tarlac City as an Information Technology (IT) Center - Special Economic Zone to be known as Robinsons Luisita 3. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Robinsons Cybergate Magnolia

The Group is also registered with PEZA (beginning April 12, 2019) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution No. 17-101 dated February 21, 2017 as amended by Board Resolution No. 18-244 dated May 22, 2018, for the declaration of a proposed building, which shall stand on a 2,076.43 square meters, more or less, lot located at Aurora Boulevard corner Dona Hemady Street, Quezon City, as Information Technology (IT) Center, to be known as Robinsons Cybergate Magnolia. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives.

Robinsons Place Dasmarinas

The Group is also registered with PEZA (beginning November 28, 2008) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 08-081 dated February 15, 2008, for creating and designating a building with an area of 45,581 square meters, more or less, located at Aguinaldo Highway cor. Governor's Drive, Sitio Pala-pala, Brgy. Sampaloc, Dasmarinas, Cavite as Information Technology (IT) Center, to be known as Robinsons Place Dasmarinas. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives under RA 7916, as amended.

Robinsons Otis

The Group is also registered with PEZA (beginning June 05, 2008) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 07-141 dated April 18, 2007, for creating and designating a building with an area of 32,976 square meters, more or less, located at Paz Mendiola Guanzon Street, Paco, Manila as Information Technology (IT) Center, to be known as Robinsons Otis. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives under RA 7916, as amended.



Robinsons Cagayan De Oro

The Group is also registered with PEZA (beginning May 09, 2008) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 07-465 dated October 10, 2007, for creating and designating a building with an area of 18,450 square meters, more or less, located at Rosario Crescent corner Florentino Street, Limketkai Center, Cagayan de Oro City as Information Technology (IT) Center, to be known as Robinsons Cagayan De Oro. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives under RA 7916, as amended.

Robinsons Place Sta. Rosa

The Group is also registered with PEZA (beginning February 07, 2008) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 06-545 dated November 28, 2006, for creating and designating a building with an area of 37,382 square meters, more or less, located at Brgy. Tagapo, Sta. Rosa, Laguna as Information Technology (IT) Center, to be known as Robinsons Place Sta. Rosa. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives under RA 7916, as amended.

Robinsons Place Iloilo

The Group is also registered with PEZA (beginning June 12, 2007) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 07-057 dated February 13, 2007, for creating and designating a building with an area of 78,158 square meters, more or less, located at Ledesma St., Iloilo City as Information Technology (IT) Center, to be known as Robinsons Place Iloilo. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives under RA 7916, as amended.

Robinsons Place Novaliches

The Group is also registered with PEZA (beginning December 07, 2004) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations” and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 04-211 dated June 25, 2004, for creating and designating a building with an area of 55,765 square meters, more or less, located at 1199 Quirino Highway corner Maligaya Road, Barangay Pasong Putik, Novaliches, Quezon City as Information Technology (IT) Center, to be known as Robinsons Place Novaliches. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives under RA 7916, as amended.

34. Commitments and Contingencies

Operating Lease Commitments - Group as Lessor

The Group has entered into commercial property leases on its investment property portfolio. These noncancellable leases have remaining noncancellable lease terms of between one (1) and ten (10) years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions. The lease contracts also provide for the percentage rent, which is a certain percentage of actual monthly sales or minimum monthly gross sales, whichever is higher. Total rent income amounted to ₱11,056 million, ₱10,617 million and ₱15,420 million for the years ended December 31, 2021, 2020 and 2019, respectively. Total percentage rent recognized as income for the years ended December 31, 2021, 2020 and 2019 amounted to ₱2,056 million, ₱2,302 million and ₱3,867 million, respectively.



Future minimum rentals receivable under noncancellable operating leases follows:

	December 31	
	2021	2020
Within one (1) year	₱10,311,631,297	₱14,080,096,258
After one (1) year but not more than five (5) years	17,423,950,184	15,320,496,749
After more than five (5) years	1,669,171,798	1,443,106,385
	₱29,404,753,279	₱30,843,699,392

The Group granted rent concessions to its tenants which were affected by the community quarantine imposed by the government amounting to ₱3,775 million and ₱3,475 million for the years ended December 31, 2021 and 2020, respectively. These rent concessions did not qualify as a lease modification, thus, were accounted for as a variable lease payments and reported as reduction of lease income (see Note 4).

Finance Lease Commitments - Group as Lessor

The Group has significantly entered into residential property leases on its residential condominium unit's portfolio. These leases have lease period of five (5) to ten (10) years and the lessee is given the right to purchase the property anytime within the lease period provided that the lessee any arrears in rental payment, condominium dues and other charges.

Future minimum lease payments under finance lease with the present value of future minimum lease payment as of December 31 follow:

	2021		2020	
	Minimum Lease Payments	Present Value of Minimum Lease Payments	Minimum Lease Payments	Present Value of Minimum Lease Payments
Within one (1) year	₱324,415,315	₱318,438,542	₱656,523,582	₱644,097,650
After 1 year but not more than five years	135,269,764	122,117,395	275,049,758	256,955,689
Total minimum lease payments	₱459,685,079	₱440,555,937	₱931,573,340	₱901,053,339

Group as a Lessee

The Group has lease contracts for various parcels of land used in its operations. Leases of land generally have lease terms between 25 and 50 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.



Right-of-Use Assets

The rollforward analysis of this account as of December 31, 2021 and 2020 follows:

	2021	2020
Cost		
At January 1	₱1,380,551,088	₱1,380,551,088
Additions	145,959,974	–
At December 31	1,526,511,062	1,380,551,088
Accumulated Depreciation		
At January 1	268,248,322	208,446,393
Depreciation (Note 26)	59,452,150	59,801,929
At December 31	327,700,472	268,248,322
Net book value	₱1,198,810,590	₱1,112,302,766

Lease Liabilities

The rollforward analysis of this account as of December 31, 2021 and 2020 follows:

	2021	2020
At January 1	₱1,977,448,113	₱1,935,884,238
Additions	258,550,874	–
Interest expense (Note 25)	152,761,675	147,011,090
Payments	(258,172,699)	(105,447,215)
As at December 31	2,130,587,963	1,977,448,113
Current lease liabilities (Note 15)	38,183,731	37,296,745
Noncurrent lease liabilities (Note 17)	₱2,092,404,232	₱1,940,151,368

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

	2021	2020
Depreciation expense of right-of-use assets	₱59,452,150	₱59,801,929
Interest expense on lease liabilities	152,761,675	147,011,090
Variable lease payments (included in general and administrative expenses) (Note 23)	22,215,077	14,022,060
	₱234,428,902	₱220,835,079

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised (see Note 4).

Future minimum rentals payable under noncancellable operating leases as of December 31 are as follows:

	2021	2020
Within 1 year	₱169,877,246	₱138,995,906
After 1 year but not more than 5 years	790,339,904	630,780,039
After more than 5 years	5,980,159,045	5,736,218,935
	₱6,940,376,195	₱6,505,994,880



Capital Commitments

The Group has contractual commitments and obligations for the construction and development of investment properties and property and equipment items aggregating ₱13,749 million and ₱15,155 million as of December 31, 2021 and 2020, respectively. Moreover, the Group has contractual obligations amounting to ₱4,865 million and ₱7,386 million as of December 31, 2021 and 2020, respectively, for the completion and delivery of real estate units that have been presold.

Contingencies

The Group has various collection cases or claims against or from its customers and certain tax assessments, arising in the ordinary conduct of business which are either pending decision by the courts or being contested, the outcome of which are not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Group's financial position and results of operations. The Group does not believe that such assessments will have a material effect on its operating results and financial condition. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the outcome of pending assessments.

35. Notes to the Consolidated Statements of Cash Flows

The Group's noncash activities pertain to the following:

2021

- Transfers from investment properties to subdivision land, condominium and residential units for sale amounted to ₱844 million (see Notes 9 and 11).
- Transfers from other current assets to investment properties amounted to ₱3,641 million and to inventories to ₱714 million (see Notes 10 and 11).
- Transfers from advances to lot owners to investment properties amounted to ₱702 million and to inventories to ₱339 million (see Notes 10 and 11).
- Total accretion of interest in 2021 for loans, lease liabilities and security deposits amounted to ₱1,427 million, ₱153 million and ₱46 million, respectively (see Notes 16, 26 and 34).

2020

- Transfers from investment properties to subdivision land, condominium and residential units for sale amounted to ₱824 million (see Notes 9 and 11).
- Transfers from property and equipment to investment properties amounted to ₱693 million (see Notes 11 and 12).
- Transfers from other current assets to investment properties amounting to ₱25 million (see Notes 10 and 11).
- The Group has remaining unpaid cash dividend amounting to ₱45 million as of December 31, 2020 (see Note 14).
- Total accretion of interest in 2020 for loans, lease liabilities and security deposits amounted to ₱1,430 million, ₱147 million and ₱82 million, respectively (see Notes 16, 26 and 34).

2019

- Transfers from investment properties to subdivision land, condominium and residential units for sale amounted to ₱318 million (see Notes 9 and 11).
- Transfers from investment properties to property and equipment amounted to ₱102 million (see Notes 11 and 12).



- Transfers from subdivision land, condominium and residential units for sale to property and equipment amounted to ₱132 million (see Notes 9 and 12).
- Transfers from other current assets to investment properties amounting to ₱33 million (see Notes 10 and 11).
- Total accretion of interest in 2019 for loans and security deposits amounted to ₱836 million and ₱76 million, respectively (see Notes 16, 26 and 34).

Details of the movement in cash flows from financing activities follow:

	For the Year Ended December 31, 2021					
	January 1, 2021	Cash flows	Non-cash Changes			December 31, 2021
			Foreign exchange movement	Changes on fair values	Other	
Loans payable	₱53,603,778,783	(₱6,655,000,000)	₱–	₱–	₱94,085,361	₱47,042,864,144
Lease liabilities	1,977,448,113	(258,172,699)	–	–	411,312,549	2,130,587,963
Advances for marketing and promotional fund and others	482,143,429	47,936,015	–	–	–	530,079,444
Accrued interest payable	575,272,217	(1,561,796,058)	–	–	1,426,827,563	440,303,722
Payables to affiliated companies and others	256,642,319	136,345,301	–	–	–	392,987,620
Dividends payable	45,060,888	(1,568,738,140)	–	–	1,523,677,252	–
Total liabilities from financing activities	₱56,940,345,749	₱(9,859,425,581)	₱–	₱–	₱3,455,902,725	₱50,536,822,893

	For the Year Ended December 31, 2020					
	January 1, 2020	Cash flows	Non-cash Changes			December 31, 2020
			Foreign exchange movement	Changes on fair values	Other	
Loans payable	₱34,715,272,176	₱19,035,280,000	₱–	₱–	(₱146,773,393)	₱53,603,778,783
Lease liabilities	1,935,884,238	(105,447,215)	–	–	147,011,090	1,977,448,113
Short term loans	8,491,700,000	(8,491,700,000)	–	–	–	–
Advances for marketing and promotional fund and others	454,564,332	27,579,097	–	–	–	482,143,429
Accrued interest payable	321,061,312	(1,175,776,834)	–	–	1,429,987,739	575,272,217
Payables to affiliated companies and others	163,251,787	93,390,532	–	–	–	256,642,319
Dividends payable	43,287,603	(2,605,432,058)	–	–	2,607,205,343	45,060,888
Total liabilities from financing activities	₱46,125,021,448	₱6,777,893,522	₱–	₱–	₱4,037,430,779	₱56,940,345,749

	For the Year Ended December 31, 2019					
	January 1, 2019	Cash flows	Non-cash Changes			December 31, 2019
			Foreign exchange movement	Changes on fair values	Other	
Loans payable	₱36,488,539,001	(₱1,806,127,328)	₱–	₱–	₱32,860,503	₱34,715,272,176
Lease liabilities	1,888,807,393	(98,488,847)	–	–	145,565,692	1,935,884,238
Short term loans	896,700,000	7,595,000,000	–	–	–	8,491,700,000
Advances for marketing and promotional fund and others	466,576,140	(12,011,808)	–	–	–	454,564,332
Accrued interest payable	322,322,878	(908,519,292)	–	–	907,257,726	321,061,312
Payables to affiliated companies and others	245,560,778	(83,852,149)	–	–	1,543,158	163,251,787
Dividends payable	43,304,321	(2,602,812,061)	–	–	2,602,795,343	43,287,603
Total liabilities from financing activities	₱40,351,810,511	₱2,083,188,515	₱–	₱–	₱3,690,022,422	₱46,125,021,448

Other includes amortization of debt issue cost, declaration of dividends and accrual of interest expense on loans.



36. Other Matters

COVID-19 Pandemic

Following the outbreak of the COVID-19 disease that started in Wuhan, Hubei, China, on January 30, 2020, the World Health Organization declared the 2019 COVID-19 disease (“COVID-19”) outbreak a Public Health Emergency of International Concern, and subsequently, with the continued increase in the number of confirmed cases throughout the world, a pandemic on March 11, 2020.

In response to the pandemic, the Philippine government took actions and implemented quarantine measures at varying degrees starting March 16, 2020 which mandated the temporary closure and/or reduction in operating capacity of non-essential shops and businesses, prohibited mass gatherings and all means of public transportation, and restricted traveling through air, sea and land in and out of country, except by diplomats and uniformed workers (carrying medical supplies), among others. These measures have disrupted supply chains, business operations, and workplace structures, forcing a shift in priorities and short-term strategies.

With public health and safety in mind and in full cooperation with the government, the Group’s malls and offices remained open to support establishments offering essential services, such as groceries, pharmacies, banks, and IT-Business Process Management (IT-BPM) firms; while the Group’s residential teams worked relentlessly to ensure safety and security across condominium properties. Likewise, the Group’s hotels served as temporary homes for returning Overseas Filipino Workers (OFWs) and guests under quarantine; while industrial facilities continued to operate under business-as-usual conditions.

The Group also institutionalized heightened cleanliness standards and invested in contactless technologies to minimize health and safety risks. While the ensuring business continuity, employee welfare and protection remained of utmost priority with the adoption of remote work arrangements and a digital workplace.

Furthermore, the Group has rolled out innovative solutions in response to the changed business landscape.

The Group is cognizant of COVID-19 pandemic’s potential material impact on its financial performance, the execution of its plans and strategies, and its customers and employees should the situation persist in the longer-term. Nevertheless, the Group expects to regain its significant foothold in the market it operates in as movement restrictions ease and as consumer sentiment recovers. Furthermore, despite unprecedented headwinds, the Group’s financial position remains stable and strong on the back of its well-balanced and diversified business portfolio.

As of reporting date, the Group’s lifestyle centers have resumed commercial operations, hotel properties have received demand for quarantine accommodation and long-stay bookings, office properties and industrial facilities remained fully operational and construction works on projects have resumed following safety protocols in accordance with the guidelines issued by regulatory agencies.



Events After Reporting Period

In a regular meeting held on March 8, 2022, the BOD of the Parent Company approved the following resolutions:

- a. Declaration of regular cash dividends of ₱0.50 per common share from the Parent Company's unrestricted retained earnings as of December 31, 2021 to all stockholders of record as of April 19, 2022;
- b. Sale of Robinsons Cybergate Bacolod to RCR via cash for ₱734 million, exclusive of VAT; and
- c. Infusion into RCR of Robinsons Cyberscape Gamma valued at ₱5,888 million via Property-for-Share Swap.

On February 17, 2022, RL Digital Ventures, Inc. (RLDVI) was incorporated to engage in any form of digital activity and service, information technology solution, e-commerce business or platform, internet or cyberspace activity. RLDVI is 100% owned by the Parent Company.

