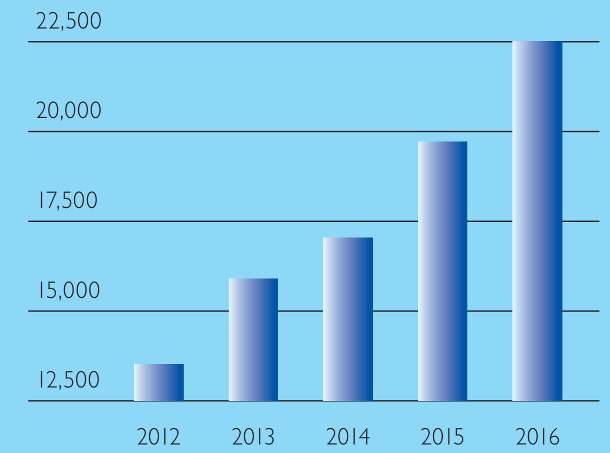

ROBINSONS LAND
CORPORATION
Annual Report 2016

Contents

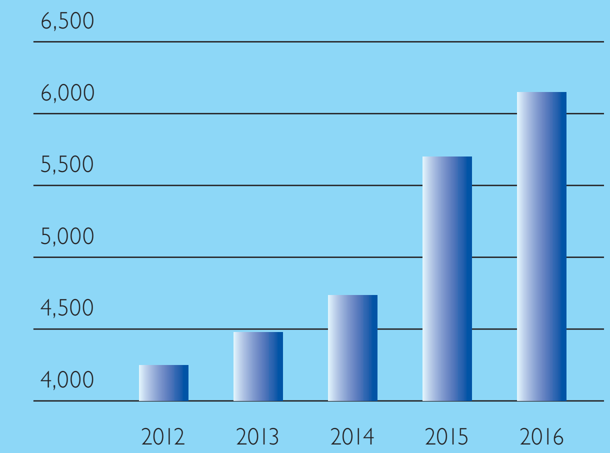
Financial Highlights

	2016	2015	2014	2013	2012
FOR THE FISCAL YEARS ENDED SEPTEMBER 30 *(in Million Pesos)*					
Gross Revenues	**22,511.56**	19,714.29	17,047.72	15,904.49	13,515.06
Cost and Expenses	**14,059.56**	12,178.06	10,809.43	9,922.27	8,277.56
Operating Income	**8,452.00**	7,536.23	6,238.29	5,982.22	5,237.50
Other Income	**(267.87)**	52.32	18.08	9.16	366.20
Income Before Income Tax	**8,184.13**	7,588.55	6,256.37	5,991.38	5,603.70
Net Income	**6,150.48**	5,701.03	4,734.90	4,476.82	4,247.35
FOR THE FISCAL YEARS ENDED SEPTEMBER 30 *(in Million Pesos)*					
Total Assets	**120,040.19**	99,068.14	85,369.42	74,886.05	70,646.75
Total Liabilities	**58,567.16**	42,273.56	32,799.31	25,582.08	24,138.37
Minority Interest	**130.32**	134.37	133.05	135.16	227.75
Stockholder's Equity	**61,473.03**	56,794.58	52,570.10	49,303.97	46,508.38

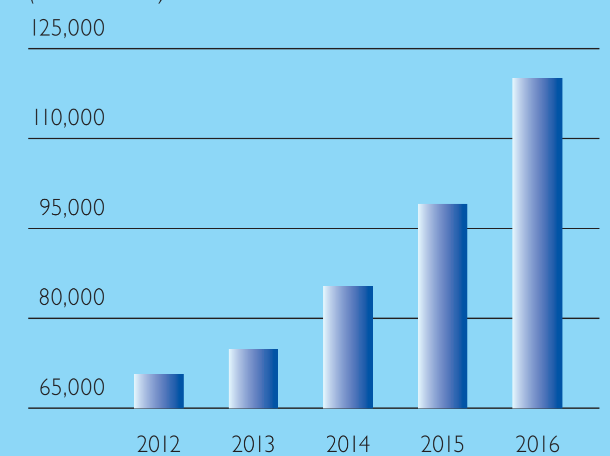
GROSS REVENUES
(in Million Pesos)



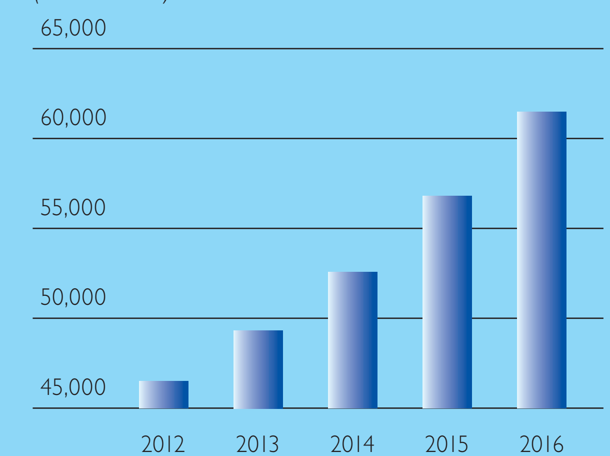
NET INCOME
(in Million Pesos)



TOTAL ASSETS
(in Million Pesos)



STOCKHOLDERS' EQUITY
(in Million Pesos)



Message to the Shareholders

The Philippines has been making great strides by having one of the fastest-growing economies in Asia with GDP accelerating by 6.8% in 2016, resilient against external shocks and geopolitical uncertainties. Domestic consumption fueled by the steady inflow of remittances from Overseas Filipino Workers (OFW), robust growth in the Information Technology and Business Process Management (IT-BPM) sector, an upward trend in tourist arrivals and receipts, young demographics, low inflation and a favorable interest rate environment have all fostered this economic growth and boosted the performance of various sectors including real estate.

As a major player in the industry, **Robinsons Land Corporation** (RLC) sustained its growth momentum in fiscal year 2016 with EBITDA accelerating by 13% to ₱12.02 billion from ₱10.69 billion, spurred by strong top-line performance of 14% to ₱22.51 billion from ₱19.71 billion. We continue to have a stable stream of revenues and cashflow from our investment portfolio consisting of the malls, offices and hotels businesses, which accounted for 83% of EBITDA while the balance of 17% came from our development portfolio, composed of four residential brands. EBIT, on the other hand, jumped by 12% to ₱8.45 billion from ₱7.54 billion in the previous year. We recorded interest expense amounting to ₱571.6 million arising from a higher level of borrowings. This was tempered by an extraordinary gain from insurance claims for business interruption from previous events amounting to ₱208.6 million. As a result, the Company netted ₱6.15 billion by end of fiscal year 2016, an increment of 8% from ₱5.70 billion in fiscal year 2015.

Our **Commercial Centers Division** benefited from robust consumer spending on the back of rising disposable income and generated 45% of consolidated revenues in fiscal year 2016 amounting to ₱9.96 billion. Its revenue growth of 9% from ₱9.10 billion in the preceding year was attributed to the healthy same mall rental revenue growth of approximately 7%; full-year contribution of lifestyle centers opened in 2015; and lease revenues from the four new malls and one mall expansion in 2016. The lifestyle centers built and expanded in 2016 are Robinsons Galleria Cebu, RLC's third and largest mall in Cebu, Robinsons Place Tagum in Davao, Robinsons General Trias in Cavite, Robinsons Place Jaro in Iloilo, and the Robinsons Place Ilocos expansion, which together added approximately 15% or 167,000 sqm of retail space. EBITDA was up by 9% to ₱6.65 billion while EBIT rose by 5% to ₱3.91 billion. In response to a competitive retail market in Metro Manila, we undertook the redevelopment of Robinsons Galleria, our flagship mall in Ortigas Center, to improve the overall mall aesthetics and create more upscale dining options and venues for entertainment. As of end of fiscal year 2016, our mall portfolio consisted of 44 malls and lifestyle centers that spanned across 1.26 million sqm of gross leasable area (GLA) with a system-wide occupancy rate of 94%.

James L. Go
Chairman

Reflective of the thriving Information Technology and Business Process Management (IT-BPM) sector, our **Office Buildings Division** had a stellar performance in fiscal year 2016, posting the fastest revenue trajectory among all the business segments of 30% to ₱2.91 billion from ₱2.24 billion over the same period last year. This was mainly due to escalation of rents and full-year contribution of Cyberscape Alpha, Cyberscape Beta and Tera Tower. The division's share of the total company revenues expanded to 13%. EBITDA climbed by 25% to ₱2.63 billion while EBIT jumped by 28% to ₱2.01 billion. Buoyed by office space demand from the IT-BPM sector and low vacancies in key cities, we have fortified our presence in 6 strategic locations in the country with 13 office developments. This year, we completed two new offices developments within our mixed-use properties in Ilocos Norte and Cebu, boosting total net leasable area (NLA) to 325,000sqm, while achieving virtually full occupancy in our existing offices. Approximately 78% of NLA is occupied by IT-BPM firms, making RLC one of the biggest office space providers to IT-BPM firms in the country to date.

Our **Hotels and Resorts Division** yielded 8% of consolidated revenues from our multi-branded hotel portfolio. Revenues grew by 4% to ₱1.81 billion in fiscal year 2016 from ₱1.75 billion in the previous year. On the other hand, EBITDA at ₱660.1 million was up by 7% and EBIT at ₱490.7 million rose by 8%. In July 2016, we successfully opened Go Hotels Lanang–Davao in partnership with Udenna Development Corporation. It is the tenth and largest provincial branch of our essential service hotel chain within the new commercial hub in Davao City's Lanang district. As a result, total room keys increased by 4% to 2,263 rooms. The chain-wide occupancy rate across all of our 15 hotel properties stood at 68%. In addition, Roxaco-Vanguard Hotels Corporation, a franchisee of Go Hotels, officially opened in September 2016 the Go Hotels Manila Airport Road, the first of five Go Hotels slated to open in Metro Manila under the franchise in the coming months.

Realized revenues from our **Residential Division** surged by 18% to ₱7.83 billion from ₱6.62 billion year on year as we recognized higher level full equity sales accompanied by improvements in completion. EBITDA finished at ₱2.08 billion and EBIT at ₱2.05 billion as both recorded double-digit gains of 14%. A total of five residential projects were launched during the fiscal year with a total estimated sales value of ₱7.24 billion across our Robinsons Residences, Robinsons Communities and Robinsons Homes brands. Net pre-sales during the year totaled to ₱9.15 billion, up by 2% compared to the same period last year.

RLC maintained its healthy financial position with total assets at ₱120.04 billion as of the fiscal year ended September 2016 from last year's ₱99.07 billion. Total shareholders' equity attributable to equity holders of the Company posted at ₱61.34 billion from

Lance Y. Gokongwei
Vice Chairman and CEO

₱56.66 billion resulting to an 8% improvement in net book value per share to ₱14.98 per share from ₱13.84 per share. Net financial debt to equity ratio ended at 0.59:1; while return on equity was 10%.

Confidence in the economy and the property industry resulted in our total capital expenditures reaching ₱15.78 billion. Majority of this was allocated to build malls, offices and hotels to further strengthen our investment portfolio while the balance was spent on the construction of residential property developments and acquisition of land for future projects.

OUTLOOK FOR 2017

We remain optimistic that the country's macroeconomic fundamentals will remain sound and are committed to uphold the steady growth of all of our core businesses.

For the **Commercial Centers Division**, we aim to bring commercial developments closer to consumers by expanding in the provinces, in line with our thrust to further strengthen our geographical footprint. We expanded Robinsons Place Tacloban in December 2016. In 2017, we plan to complete malls in Naga, Iligan, Ormoc and Abucay and expand Robinsons Place Antique and Robinsons Place Butuan which will translate to an 11% increase in GLA. The redevelopment of Robinsons Galleria mall is likewise expected to be substantially finished. In 2018, we target to breach the 1.5 million sqm-mark by opening four new provincial lifestyle malls which will grow GLA by 10%.

As the Information Technology & Business Process Association of the Philippines (IT-BPAP) has chartered the continued growth of the Philippine IT-BPM sector in the next six years in its "Roadmap 2022", the prospects for our **Office Buildings Division** remain positive and we aim to solidify our footing as one of the major IT-BPM office space providers in the country. In 2017, we target to complete Cyber Sigma in Taguig and push developments in Davao and Naga in recognition of demand for office spaces outside of Metro Manila as well as a small facility in Luisita, Tarlac. In 2018, we intend to complete Exxa Tower located in our Bridgetowne Complex in Quezon City and Cyberscape Gamma beside Cyberscape Beta in the Ortigas Center. Our pipeline for the next two years is expected to result in an NLA increase of 20% each year to an estimated 471,500 sqm by end of 2018.

With the flourishing Philippine tourism industry, the influx of travelers looking for quality accommodation is expected to rise. Our **Hotels Division** aims to capitalize on this opportunity by opening Summit Galleria Cebu, Summit Tacloban and Go Hotels–Iligan in 2017 which will add 20% more rooms to our hotel portfolio. We see the momentum progressing in 2018 and project our hotel room count to stand at 3,350 rooms with the completion of Summit Naga, Dusit Thani Mactan, Go Hotels–Naga and Go Hotels–Tuguegarao.

Frederick D. Go
President and COO

We have partnered with the largest upper-upscale and luxury hotel operator in Asia Pacific, Marriott International, Inc. (formerly Starwood Hotels and Resorts Worldwide, Inc.), for the development of the first Westin-branded mixed-use complex in Southeast Asia. In October 2016, our **Residential Division** launched The Residences at The Westin Manila Sonata Place under our Luxuria brand. We also aim to open our most luxurious hotel project to date in the heart of Ortigas Center, The Westin Manila Sonata Place, by 2020. In addition, our Robinsons Homes brand launched Brighton Puerto Princesa in October 2016. For 2017, we plan to optimize capital allocation by intensifying our focus on our investment portfolio and to concentrate our efforts on selling existing residential inventory.

Under the new administration, accelerated infrastructure spending and development are at the forefront of the government's reforms to sustain economic momentum. RLC aims to capitalize on possible growth opportunities from infrastructure-related reforms through the creation of the Infrastructure and Integrated Developments (IID) division. RLC's pilot projects under IID would be the development of the 18-hectare Mitsubishi property and the Bridgetowne Complex.

We have earmarked approximately ₱16 billion for capital expenditures for our domestic operations in 2017, to be funded through internally-generated cash from operations and borrowings.

Our land bank in the Philippines registered a total of 625 hectares by the end of fiscal year 2016 which can support about 4 to 5 years worth of projects across our various business segments. With regard to the 8.5-hectare property we acquired in Chengdu, China, we are pleased to announce that the master plan has been approved by the Chinese government ahead of schedule. We are now in the process of securing all necessary permits and working to commence development and pre-selling activities within the next two years.

In October 2016, we pre-terminated five-year, fixed-rate commercial loans with a combined principal amount of ₱10 billion to take advantage of lower interest rates being offered by the banks. This resulted in interest cost savings for the Company.

In pursuit of coherent financial reporting across all the companies under the JG Summit Group, RLC will be adopting a new financial period from a Fiscal Year, October to September, to a Calendar Year, January to December, effective January 2017. The adoption will result to a one-time, three-month reporting period covering October to December 2016.

ACKNOWLEDGEMENT

We enthusiastically look forward a new era of opportunities and challenges with a passion to win and courage to innovate and evolve while keeping intact the core values of the Company. We would like to express our heartfelt gratitude to our shareholders, business partners, patrons and customers. Your trust and confidence coupled with your unwavering support and loyalty to the Company inspire us to constantly enhance our core strengths. This past year would not have been as fruitful if it were not for the counsel and wisdom of our Board of Directors. Lastly, we wish thank most sincerely all our executives and employees for their hardwork, dedication and fortitude. Together, we will build good things to transform dreams into reality.

Maraming salamat po.

James L. Go
Chairman

Lance Y. Gokongwei
Vice Chairman and CEO

Frederick D. Go
President and COO

Commercial Centers Division

Robinsons Malls continues to be one of the largest and most successful chains of shopping malls in the country. Its consistent growth is evident with the opening of four new malls, Robinsons Galleria Cebu, Robinsons Place Tagum, Robinsons Place General Trias, and Robinsons Place Jaro, and the expansion of Robinsons Place Ilocos.

ROBINSONS MALLS

Robinsons Galleria Cebu, the latest addition to Cebu's bustling shopping scene, is now hailed as one of the most delightful malls in the city. What truly sets it apart are the lush interior gardens, cascading water features, grand atrium, expansive food court, well-ventilated parking and the iconic giant flower guitar. The world-class architecture and vibrant indoor landscape perfectly complement the mall's eclectic mix of local, national and international brands.

Robinsons Place Tagum, Robinsons Malls' fifth mall in Mindanao, brings a new key destination to Tagum City and its neighboring municipalities. The mall integrates environmentally friendly features such as organic tiles on walkways, and incorporates palm tree-lined paths and 6-meter "supertrees". With four levels of shopping, dining and entertainment outlets, shoppers can enjoy the comfort and convenience of a full service mall.

Robinsons Place General Trias pays homage to homegrown brands by housing the best local retailers. The mall's overall theme, consisting of bamboo and birds, incorporates the town's character in its design. The hotel-like interior, diverse retail mix and relaxing atmosphere all help achieve a satisfying customer experience for its patrons in the Cavite province.

Robinsons Place Jaro sits right at the heart of Iloilo City's heritage district of Jaro. Located in a charming neighborhood of ancestral homes and historic churches, the mall provides a modern and convenient shopping destination where families and friends can dine and unwind. The mall, though compact in size, boasts of expansive walkways, space-elevating pillars and a welcoming façade.

This year, Robinsons Malls also set a new global milestone with the inauguration of Robinsons Starmills' solar power rooftop facility, the world's largest in a shopping mall. To date, 10 Robinsons Malls have been equipped with solar panels while 15 more locations are in the pipeline.

In the coming years, Robinsons Malls will further beef up its presence outside Metro Manila with the ongoing planning and development of 8 new malls and 2 expansions. These new shopping centers will bring the total floor space to about 3 million square meters. Committed to redefining its customers' leisure experience, Robinsons Malls will continue to bring vibrant and delightful destinations that will surely become everyone's favorite place.

Robinsons Place General Trias

Robinsons Place Tagum

Robinsons Place Jaro


Robinsons Galleria Cebu


Robinsons Galleria Cebu

Residential Division

ROBINSONS LUXURIA

Luxuriate: Pampered living, your way.

Robinsons Luxuria developments are the perfect setting for indulging oneself in a seamless pampered experience.

Fiscal year 2016 was a bold year for Robinsons Luxuria as it launched the fruit of its collaboration with Marriott International, Inc. (formerly Starwood Hotels and Resorts). The Residences at The Westin Manila Sonata Place will rise at the Sonata Place complex in Ortigas Center and will be the first Westin-branded residence in Southeast Asia. The luxury of living well, a signature Westin style, is expected to enrich the Robinsons Luxuria experience with this new project.

A hotel, The Westin Manila Sonata Place, will likewise be developed beside the residential condominium.

For Signa Designer Residences located in Salcedo Village, Makati City, unit turnover for the second tower has begun. Artisanal restaurants located at Signa's ground floor also offer well-loved unique and creative dining options.

Robinsons Luxuria continues to be recognized in the international scene as Robinsons Land Corporation was awarded as Outstanding Developer for the Residential High Rise Category for the Sonata Private Residences during the 2016 Property and Real Estate Awards by the International Real Estate Federation (FIABCI – Philippines).

The Residences at The Westin Manila Sonata Place

The Residences at The Westin Manila Sonata Place

ROBINSONS RESIDENCES

CITY LIVING DONE RIGHT

Robinsons Residences provides urban achievers vibrant living spaces where meaningful life experiences can be created and shared. In fiscal year 2016, Robinsons Residences' achievements included an international accolade and significant construction milestones.

Global peers again recognized Robinsons Residences for one of its remarkable developments. Radiance Manila Bay along Roxas Boulevard in Pasay City was awarded a 5-star commendation as the Best High-Rise Residential Development in the Philippines during the 2016 International Property Awards.

The first tower of Galleria Residences Cebu, a three-tower resort-inspired development in Cebu City, was launched in 2016. The North Tower of Radiance Manila Bay and the Tower C of The Magnolia Residences in New Manila, Quezon City have topped off, while turnover for Azalea Place in Cebu City has begun.

Sapphire Bloc in Ortigas Center has been established as a favorite dining destination since the opening of its vibrant retail strip at its ground floor. A walkable lifestyle is now embraced by professionals and residents in the area, just as envisioned for the project.

In every development, Robinsons Residences delivers its commitment of city living done right comprehensively, from tangible components to delightful experiences.

Sonata Private Residences Tower I

Magnolia Town Center

The Magnolia Residences Tower B lobby

Radiance Manila Bay Podium

Residential Division

ROBINSONS COMMUNITIES
Affordable quality condos

Robinsons Communities creates family-friendly condominiums as its developments are conducive for nurturing relationships and encouraging community convergence.

In fiscal year 2016, the brand sustained community-building in areas emerging to be preferred by start-up families for their first condominium. The second towers of both Acacia Escalades in Pasig and Axis Residences in Pioneer, Mandaluyong have been launched. Completion for both is scheduled in 2020. Construction of Chimes Greenhills along Annapolis Street is likewise progressing as scheduled.

Meanwhile, a comprehensive mix of retail shops, which includes a Robinsons Supermarket among others, located by the ground floor of the Acacia Escalades development has opened this year, ready to welcome residents as turnover for the first building is ongoing.

These developments all bear the trademark element of Robinsons Communities: generous open spaces, fun and functional amenities, value for money – the essentials for relaxed community living.


Chimes Greenhills Skygarden


Acacia Escalades Amenities


Chimes Greenhills

RobinsonsHomes
Start the good life

Robinsons Homes continues to take pride in reinventing modern living by building residential havens of varying themes designed to cater to early starters, growing families, and affluent individuals alike.

Devoted to elevating and furthering the standards of quality and value in the market, Robinsons Homes offers prime residential lots in master-planned subdivisions located in key urbanized cities and developing provinces nationwide. A selection of sub-brands were established to explore and capture every type of homebuyer's lifestyle preferences and tastes, namely Bloomfields, Brighton, and Springdale.

This fiscal year saw two new additions to the Robinsons Homes portfolio – Brighton Bacolod in Negros Occidental and Brighton Puerto Princesa in Palawan – as well as the completion of expertly fashioned dressed-up units in Bloomfields Heights Lipa in Batangas, Grand Tierra in Capas, Tarlac and Brighton Baliwag in Bulacan.

Robinsons Homes invites homeowners to start the good life amidst landscapes of serene ambiance and to create warm, lasting memories with loved ones in the home they deserve. Its gated communities are present in Laoag, Tarlac, Pampanga, Bulacan, Antipolo, Batangas, Cavite, Palawan, Cebu, Davao, Cagayan de Oro, and General Santos.


Artist's Street View Perspective


Brighton Bacolod

Office Buildings Division

Robinsons Offices is one of the leading developers of office buildings in the country. It offers thriving businesses office space within buildings designed with world-class engineering in strategic locations. Its projects are Philippine Economic Zone Authority (PEZA) registered making it the preferred address for many of the largest local and multinational companies expanding in the Philippines.

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

Robinsons Offices secured the Leadership in Energy and Environmental Design (LEED) Gold Core & Shell building Certification for Tera Tower last June 2016. Tera Tower is situated within Bridgetowne, a PEZA registered I.T. Park strategically located along E. Rodriguez Jr. Avenue (C-5) and Ortigas Avenues in Quezon City. With the strong demand for office spaces within Bridgetowne and Robinsons Offices' desire to develop sustainable buildings, two additional LEED Pre-certified office buildings are underway in Bridgetowne, the Exxa and Zeta Towers.

Aside from its expansion at Bridgetowne, another PEZA registered office building called Cyber Sigma is expected to be completed at Taguig City by the second half of 2017. The project has received strong interest from offshoring and outsourcing companies due to its ideal and premium location, large floor plate and efficient and modern facilities.

Exxa and Zeta Towers


Cyber Sigma

As part of its continued expansion to support the robust demand for office spaces in Metro Manila and in regional growth centers, Robinsons Offices completed two new office developments in Cebu and Ilocos. This brought its net leasable area to 325,000 square meters in 2016 across 13 office developments located within the main business districts of Metro Manila, Cebu City and Ilocos Norte. In addition, Robinsons Offices is scheduled to complete four more office developments in Taguig City, Tarlac City, Naga City and Davao City by calendar year 2017.

In 2016, Robinsons Offices launched Zeta Tower with a net leasable area of 35,000 square meters located in Bridgetowne in Quezon City, and Cybergate Delta with a net leasable area of 11,000 square meters in Davao City.

Robinsons Offices is committed to providing an exceptional experience to its tenants as they enjoy easy access to major transportation modes and hubs as well as the convenience of being near shopping malls, residential developments, hotels and other business establishments.


Tera Tower

Hotels Division

Robinsons Hotels and Resorts has a diverse portfolio covering three brand segments: upscale international deluxe hotels, mid-market boutique city and resort hotels, and essential service value hotels.

In the international deluxe category, it has Crowne Plaza Manila Galleria and Holiday Inn Manila Galleria, both managed by the Intercontinental Hotels Group. Its midmarket Summit Hotels and Resorts brand operates Summit Ridge Tagaytay City, Summit Circle Cebu and the recently-opened Summit Hotel Magnolia. The third brand segment is the popular Go Hotels that is present in 11 key cities across the Philippines. Summit Hotels and Resorts and Go Hotels are brands owned and managed by RLC.

Robinsons Hotels and Resorts offers over 2,300 rooms. Its mission is to make every guest's stay a pleasant and positively-memorable one.

SUMMIT HOTELS AND RESORTS

Summit Hotels and Resorts represents the new powerful collection of unique boutique hotels and resorts that aims to be the top-of-mind choice of business and leisure travelers who appreciate the live-work-play lifestyle. Each hotel is uniquely-designed for local and global travelers looking for strategic locations, better-than-home guest room ambiance, complete facilities for business and social venues, a satisfying culinary experience and, wellness facilities and excellent Filipino service at competitive rates.

Spurred by the positive response to the company's mid-scale hotel brand and the growing demand in the country for quality venues for business and social events, more Summit Hotels and Resorts are earmarked for development.

GO HOTELS

The first of its kind in the Philippines, Go Hotels aims to be the preferred hotel choice for domestic and foreign travelers looking for value accommodation in the key cities of the Philippines. Serving over 1.8 million guests over the last 7 years, every Go Hotel room is equipped with 5-star quality beds, air-conditioned rooms, cable television, safety deposit boxes, private bathroom with hot and cold super showers, Wi-Fi and more. Go Hotels also has meeting facilities in locations where there is high demand for meeting and social venues.

This fiscal year, it opened its largest provincial branch, Go Hotels Lanang-Davao. Go Hotels Lanang-Davao is a joint venture project with Udenna Development Corporation and is also a franchisee of Go Hotels. Roxaco Vanguard Hotels Corporation, another franchisee of Go Hotels, also opened a branch in Manila Airport Road, the first of its five Go Hotels. Go Hotels now offers more than 1,400 guest rooms nationwide.

Over the coming years, expect to see more Go Hotels in key cities of the country. Go Hotels is also present in Mandaluyong-Manila, Tacloban, Dumaguete, Bacolod, Puerto Prinsesa, Otis-Manila, Iloilo, Ortigas Center-Manila and Butuan.


Summit Ridge Tagaytay Twin Room

Go Hotels Lanang, Davao


Summit Hotel Magnolia Fabulous Suite


Summit Hotel Magnolia Function Room

Corporate Social Responsibility

RLOVE PROGRAM

In 2016, Robinsons Land Corporation established the "RLove" program, a Corporate Social Responsibility (CSR) program which organizes different social welfare and advocacy projects through philanthropy, volunteerism and partnerships. The program is committed to support different causes, creating a better future for communities where Robinsons Land Corporation is a part of. Responsive to the different needs of the Filipino community, RLove is focused on four themes: Disaster Response; Community Development and Social Involvement; Health and Nutrition, and Child Welfare and Education.

Disaster Response

RLC's commitment in helping disaster victims was exemplified through the Robinsons Malls relief operations. Seeing the need to boost the Filipino spirit amidst calamities and disasters, RLove through Robinsons Malls was able to provide emergency assistance to communities. RLove relief food packs were distributed to evacuation centers and directly to the victims' homes. During typhoons Karen and Lawin, Robinsons Malls conducted relief operations in the Pangasinan, Ilocos Norte and Cagayan provinces.


RLove Water for Life


Tree Planting – Kaliwa River Watershed


Relief Operations – Ilocos Norte


Brigada Eskwela


Supplemental Feeding Program


Supplemental Feeding Program

Community Development

The **RLove Water for Life** helps residents in urban and rural poor communities by providing deep well/ water hand pumps that enable them to have a regular potable water supply. Through the project, 100 families from resettlement and urban poor communities in Brgy. Malpitic, Brgy. San Agustin, Brgy. Quebiawan and Brgy. Maimpis in San Fernando, Pampanga now have easier access to clean and safe water.

RLC also embarked on the **Kaliwa River Watershed Reforestation Program** at Tanay, Rizal in support of the National Greening Program (NGP) of Department of Environment and Natural Resources. The initiative aims to enhance 5 hectares of forest area for 3 years, planting a total of 3,000 indigenous seedlings, bringing back the ecological functions of Kaliwa River Watershed and providing livelihood opportunities to the local community.

Health and Nutrition

Robinsons Town Mall Malabon partnered with the City of Malabon to sponsor its **Supplemental Feeding Intervention** program. A 120 day feeding program was initiated through the mayor's office to 3 barangays identified with high cases of underweight children. From the 100 children enrolled in the intervention in Brgy. Catmon who fell under the malnourished and stunted classification and were monitored weekly, 98% had reached the normal weight category upon graduation in December 2016.

Child Welfare and Education

RLove actively participated in the Department of Education's **Brigada Eskwela Program** in 2016 with over 25,000 public school students benefitting from this partnership. RLC visited public schools located in Quezon City, Pasig, Rizal, Pangasinan, Tarlac, Cavite, Batangas and Roxas to help upgrade several public school classrooms located in 8 different sites. This included the repainting of classrooms and construction of hand-wash areas.

RLC Employees also initiated an **RLove Christmas Toy Drive**, collecting both in-kind and monetary donations. Brand new toys for babies and up to 17 year-old children were given by employees to 300 children from Happy Land Community in Pier 18, Tondo, Manila bringing true Christmas to life. Other developmental toys collected were also donated to the Happy Land Community's toy library.

Employee Volunteerism and Engagement

RLC employees contribute their time, skills and treasures as a concrete expression of their commitment to making a difference in the communities and sparking a transformative social change. A total of 2,000 volunteer hours were rendered for RLove activities this year. Aside from time, employees generated resources through donations and organizing drives for the different RLove programs.

THE GIFT OF CHANGE

Launched in 1997, **The Gift of Change** (TGOC) is an annual coin bank campaign which encourages mall shoppers to donate loose change for a greater cause and to date has given assistance to 23 communities from all over the Philippines.

TGOC continued **The Gift of Sight** program which provides free eye screening and prescription eyeglasses to underserved communities, helping beneficiaries have clear eyesight so they can be more efficient in their daily undertakings and have the opportunity to live quality lives. The program has served more than 3,000 beneficiaries and provided free eyeglasses to communities in Quezon City, Manila, Las Piñas, Malabon, Pangasinan, Pampanga, Batangas, Bacolod, Dumaguete and Cebu.

In 2016, it launched **The Bike for Change** program to provide bicycles to indigent scholars who are unable to go to school because they lack funds for transportation. A total of 60 bicycles were given to scholars from Pampanga, Pangasinan and Batangas.

ROBINSONS MALLS LINGKOD PINOY CENTER (RMLPC): A DEDICATION TO SERVE THE PUBLIC

Lingkod Pinoy Centers in select Robinsons Malls provide a one-stop shop where many essential government services are conveniently housed under one roof. The centers helps citizens securely and comfortably transact with 18 different government agencies such as the Social Security System (SSS); Government Service Insurance System (GSIS); Land Transportation Office (LTO); Department of Foreign Affairs (DFA); National Bureau of Investigation (NBI); Securities and Exchange Commission (SEC); Department of Trade & Industry (DTI) and the Professional Regulation Commission among others. There are currently 33 Robinsons Malls Lingkod Pinoy Centers nationwide with 4 more set to open next year. To date, Robinsons Malls Lingkod Pinoy Centers have serviced over 15 million Filipinos nationwide.

POINT-TO-POINT BUS SERVICE

RLC in partnership with HM Transport Inc. launched a P2P (point-to-point) premium bus service as an additional service for its clients and communities to get from Ortigas to Makati, Fairview to Makati, and vice versa, originating from Robinsons Galleria and Robinsons Novaliches respectively. This provides commuters faster, safer and more convenient transport, and is an affordable alternative for car owners which will also help ease traffic congestion in the metro. The vehicles are also specially outfitted with ramps for the convenience of PWD passengers and the elderly.

Environment and Sustainability

LEED Certification

RLC secured the Leadership in Energy and Environmental Design (LEED) Gold Core & Shell building Certification for Tera Tower, its office building in the Bridgetowne mixed-use development. The building was constructed incorporating energy efficient measures such as efficient glazing, lighting power reduction, a Variable Refrigerant Flow (VRF) system and low powered indoor unit fans which result to lower energy consumption. For Tera Tower, this translates to 37,613 trees planted and 1,467 tons of carbon dioxide avoided. In line with the commitment to pursuing sustainability in its developments, two other upcoming office towers, the Exxa and Zeta Towers, have already been LEED Pre-certified.

RLC's Renewable Energy: Mall Solar Facilities

RLC understands the value of energy management to promote sustainable growth for the organization and has embarked on a renewable energy program to install off-grid rooftop solar PV (photo voltaic) panels on feasible malls nationwide. This demonstrates RLC's commitment to help protect the environment from the adverse effects of carbon emissions and its aim to be an industry leader in efficient energy use alongside its other energy conservation and efficiency programs. RLC holds the record of having the world's largest solar-powered facility to be installed on a mall's roof for self-consumption. To achieve this feat, RLC installed a total of 10,880 solar panels on the roof of its Robinsons Starmills mall in San Fernando with a capacity of 2,883.2 kW or 3.2 million kWh of power a year.

To date, a total of 12,523 kWp are installed in 10 Robinsons Malls located in Palawan, Iloilo, Dumaguete, Roxas, Antique, San Fernando Pampanga, Angeles Pampanga, Novaliches, Tacloban and Bacolod. This is equivalent to 264,483 trees planted and 10,205 tons of carbon dioxide avoided. Plans to roll out more solar PV systems in both existing and future malls are underway.

Wastewater Recovery Program

RLC recognizes the importance of the intelligent use of water resources. Through this program, wastewater is treated, filtered and reused; leading to zero wastewater discharge to public sewer. Several RLC hotels and malls now use 100% recycled wastewater for their toilets and irrigation requirements. Good water quality is ensured through monthly testing by RLC's Corporate Laboratory which is accredited by DENR and recognized by DOH. In addition to this, several malls collect rainwater for the mall's use.

R-Love Soap for Hope Project

RLC through its Robinsons Hotels and Resorts Division launched the "R-Love Soap for Hope" project, an initiative to recover, recycle, re-process and donate used bar soaps to local communities, providing a means of livelihood while promoting recycling and a cleaner environment. Discarded solid soap from selected Go Hotels and Summit Hotels are regularly donated to Don Bosco Pugad, Makati and Holy Trinity School in Brgy. Haraan, Indang, Cavite. The reconstituted soaps are then use as part of the partner's livelihood projects and promotion of hygiene to school children.

Robinsons Malls Recycling Market

The Robinsons Malls Recycling Market project provides a waste-recovery facility through a monthly scrap-buying fair involving Robinsons Malls' tenants, customers, other business establishments, schools, religious groups and city residents. The project demonstrates its commitment to a solid-waste management campaign, enabling city residents and businesses to be responsible stewards of the environment.


Robinsons Starmills Solar Panels

Corporate Governance

Robinsons Land Corporation (RLC) is committed to corporate governance standards. As a publicly listed company in the Philippines, RLC is covered by corporate governance rules and regulations of the Philippines Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE).

The Corporation adheres to the principles and practices of good corporate governance, as embodied in its Corporate Governance Manual, Code of Business Conduct and related SEC Circulars. In March 8, 2010, the Board of Directors approved the adoption of a revised Corporate Governance Manual, in accordance with SEC Memorandum Circular No.6 (Series of 2009) dated June 22, 2009. Continuous improvement and monitoring of governance and management policies have been undertaken to ensure that the Corporation observes good governance and management practices. This is to assure the shareholders that the Corporation conducts its business with the highest level of integrity, transparency and accountability. SEC Memorandum Circular No.5, Series of 2013 mandated all listed companies to submit an Annual Corporate Governance Report (ACGR). On July 30, 2013, the Corporation submitted its ACGR for the year 2012 to the SEC. From 2014 to 2016, updated ACGRs were posted in the company website. Beginning January 30, 2011, in accordance with PSE Memorandum No. 2010-0574, the Corporation annually submits to the PSE the Corporate Governance Disclosure Report.

The Board has adopted the Revised Corporate Governance Manual in June 22, 2015 for the Company. The Manual elaborates on the governance roles and responsibilities of the Board and its Directors. The Board ensures that all material information about the Company is disclosed to the public on a timely manner. The Board likewise is strongly committed to respect and promote the rights of shareholders in accordance with the Revised Corporate Governance Manual, the Company's Articles of Incorporation, and By-Laws.

Board

The Board represents the shareholders' interests in its objective to continuously improve the value of the Corporation and to achieve a successful and long-term business. The Board believes that it has to be actively responsible to ensure that the Corporation is properly managed to attain this result. In addition to fulfilling its obligations for increased shareholder value, the Board has responsibility to other stakeholders as well – customers, employees, suppliers, financiers, government, business partners, and to the communities and environment it operates in, all of whom are important to a successful business.

Composition

- The Board is composed of eleven directors (four executive directors, three non-executive directors, and four independent directors) with diverse backgrounds and work experience
- None of the independent directors owns more than 2% of the Company's capital stock
- Different persons assume the role of Chairman of the Board and CEO

Role

A Director's Office is one of trust and confidence. A Director should act in the best interest of the Company in a manner characterized by fairness, accountability and transparency. He should also exercise leadership, prudence, and integrity in directing the Company towards sustained progress.

A Director should observe the following norms of conduct:
1. Conduct fair business transactions with the Company, and ensure that his personal interest does not conflict with the interests of the Company.
2. Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.
3. Act judiciously.
4. Exercise independent judgment.
5. Have a working knowledge of the statutory and regulatory requirements that affect the Company, including its articles of incorporation and By-Laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies.
6. Observe confidentiality.
7. Have a working knowledge of the Company's control systems.
8. Disclose to the Philippine Stock Exchange (PSE) and the Securities and Exchange Commission (SEC) the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders.

Attendance of Directors

January 1, 2016 to December 31, 2016

Board	Name	Date of Election	No. of meetings during the year	No. of meetings attended	%
Member	John L. Gokongwei, Jr.	March 9, 2016	12	12	100.00%
Chairman	James L. Go	March 9, 2016	12	11	91.67%
Member	Lance Y. Gokongwei	March 9, 2016	12	12	100.00%
Member	Frederick D. Go	March 9, 2016	12	12	100.00%
Member	Patrick Henry C. Go	March 9, 2016	12	11	91.67%
Member	Johnson Robert G. Go, Jr.	March 9, 2016	12	12	100.00%
Member	Robina Gokongwei-Pe	March 9, 2016	12	12	100.00%
Independent	Artemio V. Panganiban	March 9, 2016	12	12	100.00%
Independent	Emmanuel C. Rojas, Jr.	March 9, 2016	12	12	100.00%
Independent	Roberto F. de Ocampo	March 9, 2016	12	11	91.67%
Independent	Omar Byron T. Mier	March 9, 2016	12	12	100.00%

Continuing education programs for directors: programs and seminars and roundtables attended during the year.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
John L. Gokongwei, Jr.	2015 onwards	Exempted[1]	
James L. Go	2015 onwards	Exempted[2]	
Lance Y. Gokongwei	December 1, 2016	Sustainability and ESG	The Purpose Business
Frederick D. Go	December 1, 2016	Sustainability and ESG	The Purpose Business
Johnson Robert G. Go, Jr.	December 1, 2016	Sustainability and ESG	The Purpose Business
Patrick Henry C. Go	December 1, 2016	Sustainability and ESG	The Purpose Business
Robina Y. Gokongwei-Pe	December 1, 2016	Sustainability and ESG	The Purpose Business
Artemio V. Panganiban	November 23, 2016	Corporate Enhancement Session	PLDT & MPIC, conducted by Resource Speakers Mike Walsh and Chia-Ling Koh
Roberto F. De Ocampo	December 1, 2016	Sustainability and ESG	The Purpose Business
Emmanuel C. Rojas, Jr	December 1, 2016	Sustainability and ESG	The Purpose Business
Omar Byron T. Mier	December 1, 2016	Sustainability and ESG	The Purpose Business

Board Committees

To aid in ensuring compliance with the principles of good governance, the Board constitutes an Audit and Risk Management Committee, a Governance, Nomination and Election Committee and a Remuneration and Compensation Committee.

Committee	Mission
Audit and Risk Management	To assist the Board in its fiduciary responsibilities by providing an independent and objective assurance to the Corporation's stakeholders for the continuous improvement of risk management systems, internal control systems, governance processes, business operations, and proper safeguarding and use of the Corporation's resources and assets.
Governance, Nomination and Election	To oversee the development and implementation of corporate governance principles and policies and to provide the shareholders with an independent and objective evaluation and assurance that the membership of the Board and other appointments that require Board approval are competent and will foster the long-term success of the Corporation and secure its sustained competitiveness.
Remuneration and Compensation	To objectively recommend a formal and transparent framework of remuneration and evaluation for Directors and key Management Officers to ensure that their compensation is consistent with the Corporation's culture, strategies and the business environment in which it operates and to enable them to run the Corporation successfully.

Enterprise Risk Management (ERM)

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

Audit and Risk Management Committee

The Company aims to identify, measure, analyze, monitor, and control all significant risks that may affect the Company through the Audit and Risk Management Committee. The Committee reviews the effectiveness of risk management systems employed by the Company.

The Audit and Risk Management Committee aims to ensure that:
a. financial reports comply with established internal policies and procedures, pertinent accounting and auditing 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, and are explained through the performance of direct interface functions with the internal and external auditors; and
d. the Company's Board of Directors is properly assisted in the development of policies that would enhance the risk management and control systems.

Moreover, at the end of each calendar year, the Chief Executive Officer (CEO) and Chief Audit Executive (CAE) executes a written attestation that a sound internal audit, control and compliance system is in place and working effectively. The attestation is presented to and confirmed by the Audit and Risk Management Committee during the meeting.

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

[1] The SEC resolved to grant the request of the Company for Mr. John L. Gokongwei, Jr. to be permanently exempted from the corporate governance training requirement as per memo dated November 12, 2015 signed by Director Justina F. Callangan.
[2] The SEC resolved to grant the request of the Company for Mr. James L. Go to be permanently exempted from the corporate governance training requirement as per memo dated November 12, 2015 signed by Director Justina F. Callangan.

Risk Management Support Groups

The Company's BOD created the following Corporate Center Units (CCU) to support the risk management activities of the Company and its BUs:

1. Corporate Advertising and Public Relations (CAPR) – manages the brand image risk of the Conglomerate. CAPR ensures that communication initiatives that extend to the public are consistent with the established corporate image by monitoring the implementation and content of public relations programs and above-the-line media activities for the various BUs and Affiliates.
2. Corporate Affairs (CA) – acts as the official spokes group of the Company to national and local government offices as well as to the media to address reputational risk. CA helps in establishing strong relationships with internal and external partners and stakeholders that will enable the Conglomerate to promote a positive appreciation of corporate goals, initiatives and activities as well as champion advocacies and shape legislation critical to the business.
3. Corporate Governance Management Systems (CGMS) – ensures compliance with government regulatory requirements for Publicly Listed Companies (PLC), formulates and disseminates risk-controlled policies and procedures and approval authority matrices.

   Under the supervision of CGMS and Corporate Procurement, the Corporate Supplier Accreditation Team (CORPSAT) administers supplier accreditation and enterprise-wide procurement policies to address procurement risks and ensure availability of goods and services of high quality and standards to all BUs.
4. Corporate Insurance Department (CID) – administers the insurance programs of BUs to mitigate risks concerning property, public liability, business interruption, money and fidelity, and employer compensation insurances.
5. Corporate Planning (CORPLAN) – facilitates and administers the strategic planning, budgeting and performance review of the BU in line with the ERM framework of objective-setting.
6. Corporate Resources Group (CRG) consisting of:
   a. Corporate Human Resources – ensures continuity of business operations by having the right and adequate pool of talents through succession planning, employee training and employee engagement.
   b. Corporate Outsourcing – manages risks related to the engagement of third party management services.
   c. Corporate Security and Safety – administers enterprise-wide implementation of policies affecting physical security of resources exposed to various forms of risks.
7. Corporate Tax Group – provides advisory and assists Top Management in ensuring risks related to tax are addressed and tax regulatory requirements are appropriately complied with.
8. Corporate Treasury – assists Top Management in managing finance-related risks including interest, foreign exchange, liquidity, investment and debt management etc.
9. General Counsel Group – sets the strategy and implementing guidelines from a legal perspective to address regulatory risks and ensure that the Conglomerate conducts its business in compliance with laws and regulations.

Internal Controls

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

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

Compliance Officer

The Compliance Officer assists the Board of Directors in complying with the principles of good corporate governance.

The Compliance Officer shall be responsible for monitoring actual compliance with the provisions and requirements of the Corporate Governance Manual and other requirements on good corporate governance, identifying and monitoring compliance risks, determining violations, and recommending penalties on such infringements for further review and approval of the Board of Directors, among others.

Anti-corruption programs and procedures

RLC is committed to promoting transparency and fairness to all stakeholders. The Company has Anti-Corruption programs that cover Business Conduct and Ethics, Conflict of Interest, Offenses Subject to Disciplinary Action (OSDA), among others. New employees are oriented regarding policies and procedures related to Business Conduct and Ethics and similar policies. All employees are given periodic reminders. Further, all concerned employees of the Conglomerate are required to comply with the Annual Self-Disclosure Activity on an annual basis.

Business Conduct & Ethics	Policy Statement
Conflict of Interest	The Company's Code of Business Conduct and Conflicts of Interest Policy require employees to make a conscious effort to avoid conflict of interest situations; that his judgment and discretion are not influenced by considerations of personal gain or benefit. A conflict of interest may also occur because of the actions, employment, or investments of an immediate family member of an employee.
Conduct of Business and Fair Dealings	The Company's employees that recommend, endorse, or approve the procurement or sale of goods and services should make a conscious effort to avoid any conflict of interest situation in transactions that they are involved in.
Receipt of Gifts from Third Parties	The Company discourages the acceptance of gifts. However, gifts like advertising novelties maybe given or accepted during the Christmas season. There is no restriction in the value of the gift accepted. However, accepted gift with estimated value over Php2,000 must be disclosed to the Conflicts of interest Committee.
Compliance with Laws and Regulations	The Company ensures that all transactions comply with relevant laws and regulations. Any deficiencies are immediately rectified.
Respect for Trade Secrets/Use of Non-public Information	The Company has policies that ensure proper and authorized disclosure of confidential information. Disclosures to the public can only be done after the disclosure to SEC and PSE by the Company's authorized officers.
Use of Company Funds, Assets and Information	Employees are required to safeguard the Company resources and assets with honesty and integrity. Employees must ensure that these assets are efficiently, effectively, and responsibly utilized.
Employment and Labor Laws Policies	The Company ensures the observance, strict implementation and compliance with employment and labor laws policies with regards to recruitment, employment, retention and benefits of the employees.
Disciplinary Action	Violation of any provision of the Code of Business Conduct may result to disciplinary action, including dismissal and reimbursement for any loss to the Company that result from the employee's action. If appropriate, a violation may result in legal action against the employee or referral to the appropriate government authorities.

Business Conduct & Ethics	Policy Statement
Whistleblowing	The stakeholders may discuss or disclose in writing any concern on potential violation of the Code of Business Conduct with the Conflicts of Interest Committee. Reports or disclosures can be made in writing or by email using the following contact details: a. email address CICOM@jgsummit.com.ph b. fax number 395-3888 c. mailing address Must be sent in a sealed envelope clearly marked "Strictly Private and Confidential-To Be Opened by Addressee Only" CICOM **JG Summit Holdings, Inc.** 44th Flr. Robinsons Equitable Tower ADB Avenue, Cor., Poveda Road, Pasig City The complaint shall be filed using the Complaint/Disclosure Form (CDF) available in the company website. All information received in connection with the reports or disclosures shall be strictly confidential and shall not be disclosed to any person without prior consent of CICOM. Protection from Retaliation: The Company commits to protect those who report in good faith from retaliation, harassment and even informal pressures. It will take the necessary and appropriate action to do so in enforcing the policy.
Conflict Resolution	The Conflicts of Interest Committee submits recommendations on courses of action to be taken on conflicts of interest situations. The decision is done by the Executive Committee.

Role of Stakeholders

Customers' Welfare

The Company has a customer relations policy and procedures to ensure that customers' welfare are protected and questions are addressed. Customers are informed with the Company's customer relations contacts to ensure that their welfare and questions are addressed.

Supplier/Contractor Selection

The Company follows the Supplier Accreditation Policy to ensure that the Company's suppliers and contractors are qualified to meet its commitments to the Company. Suppliers and contractors undergo accreditation and orientation on Company policies.

Employees

Performance-enhancing mechanisms for employee participation

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

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

Disclosure and Transparency

Ownership Structure

(As of December 31, 2016)

Shareholder	Number of Shares	Percent	Beneficial Owner
JG Summit Holdings, Inc.	2,496,114,787	60.97%	Same as record owner
PCD Nominee Corporation (Non-Filipino)	1,032,966,243	25.23%	PCD Participants and their clients
PCD Nominee Corporation (Filipino)	530,779,266	12.97%	PCD Participants and their clients

External Auditor's Fee

Name of auditor	Audit Fee	Non-audit Fee*
Sycip, Gorres Velayo & Co. (SGV)	Php3,908,261	Php770,000

* Non-audit Fee pertains to services rendered for RLC's alignment of accounting period with JGCFS.

Company Website

RLC updates the public with operating and financial results through timely disclosures filed with SEC and PSE. These are available on the company's website: **http://www.robinsonsland.com/**

Board of Directors

John L. Gokongwei, Jr.
Chairman Emeritus

James L. Go
Chairman

Lance Y. Gokongwei
Director, Vice Chairman & CEO

Frederick D. Go
Director, President & COO

Robina Y. Gokongwei-Pe
Director

Patrick Henry C. Go
Director

Johnson Robert G. Go, Jr.
Director

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

Roberto F. De Ocampo
Director

Emmanuel C. Rojas, Jr.
Director

Omar Byron T. Mier
Director

ROBINSONS LAND
CORPORATION

LEVEL 2, GALLERIA CORPORATE CENTER, EDSA CORNER ORTIGAS AVENUE, QUEZON CITY, PHILIPPINES
TELEPHONE NUMBER: +63.2.3971888 FAX NUMBER: +63.2.3970152.FAX

January 6, 2017

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 for the years ended September 30, 2016, 2015 and 2014, including the additional components attached herein, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders or members.

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

James L. Go
Chairman

Lance Y. Gokongwei
Vice Chairman and Chief Executive Officer

Frederick D. Go
President and Chief Operating Officer

Kerwin Max S. Tan
Chief Financial Officer

Signed this JAN 1 2 2017

Doc. No. 302;
Page No. 61;
Book No. 9;
Series of 2017

SUBSCRIBED AND SWORN to before me this day JAN 1 2 2017 at Q.C.

ATTY. LUIS M. DE VERA
NOTARY PUBLIC
UNTIL DECEMBER 31, 2017
PTR NO. 3802427-1/3/2017-Q.C.
IBP NO. 1054756-12/19/2016-Q.C
ROLL NO. 20761
ADM. MATTER NO. NP-160(2016-2017)
ADDRESS NO. 2 CONGRESSIONAL AVE. COR. EDSA Q.C.
MCLE NO. V-0009642

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines
Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph
BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Robinsons Land Corporation and its subsidiaries, which comprise the consolidated statements of financial position as at September 30, 2016 and 2015 and the consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended September 30, 2016, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Robinsons Land Corporation and its subsidiaries as at September 30, 2016 and 2015 and their financial performance and their cash flows for each of the three years in the period ended September 30, 2016, in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
SEC Accreditation No. 1229-AR-1 (Group A),
May 12, 2015, valid until May 11, 2018
Tax Identification No. 162-410-623
BIR Accreditation No. 08-001998-74-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 5908770, January 3, 2017, Makati City

January 6, 2017

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30	
	2016	2015
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 7, 20, 31 and 32)	**₱1,149,164,948**	₱1,192,954,018
Receivables (Notes 5, 8, 20, 31 and 32)	**7,054,003,658**	5,020,966,811
Subdivision land, condominium and residential units for sale (Notes 5 and 9)	**25,849,498,584**	15,474,711,341
Other current assets (Notes 5, 10, 30, 31 and 32)	**4,447,437,200**	3,947,155,835
Total Current Assets	**38,500,104,390**	25,635,788,005
Noncurrent Assets		
Noncurrent receivables (Notes 5, 8, 20, 31 and 32)	**2,968,073,536**	2,708,934,759
Investment properties (Notes 5 and 11)	**71,902,208,855**	64,015,563,680
Property and equipment (Notes 5 and 12)	**4,459,615,952**	3,507,217,416
Other noncurrent assets (Notes 5, 13, 30, 31 and 32)	**2,210,189,816**	3,200,637,142
Total Noncurrent Assets	**81,540,088,159**	73,432,352,997
	₱120,040,192,549	₱99,068,141,002
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term loans (Notes 16, 31 and 32)	**₱4,039,100,000**	₱3,048,897,460
Accounts payable and accrued expenses (Notes 14, 31 and 32)	**7,935,993,181**	5,904,742,249
Income tax payable	**701,170,234**	695,427,560
Deposits and other current liabilities (Notes 15, 20, 31 and 32)	**4,422,899,495**	3,310,858,559
Total Current Liabilities	**17,099,162,910**	12,959,925,828
Noncurrent Liabilities		
Loans payable (Notes 16, 31 and 32)	**33,305,405,604**	21,833,056,539
Deferred tax liabilities - net (Note 27)	**2,752,332,855**	2,336,240,033
Deposits and other noncurrent liabilities (Notes 17, 29, 31 and 32)	**5,410,258,883**	5,144,338,426
Total Noncurrent Liabilities	**41,467,997,342**	29,313,634,998
Total Liabilities	**58,567,160,252**	42,273,560,826
Equity		
Equity attributable to equity holders of the Parent Company		
Capital stock (Note 19)	**4,111,528,685**	4,111,528,685
Additional paid-in capital (Note 19)	**20,392,532,781**	20,392,532,781
Other equity reserve (Note 19)	**(87,597,873)**	(87,597,873)
Other comprehensive income		
Remeasurements of net defined benefit liability - net of tax (Note 29)	**(116,728,484)**	(76,401,362)
Cumulative translation adjustment	**42,079,768**	–
Retained earnings (Note 18)		
Unappropriated	**21,222,732,343**	15,541,979,334
Appropriated	**16,000,000,000**	17,000,000,000
Treasury stock (Note 19)	**(221,834,657)**	(221,834,657)
	61,342,712,563	56,660,206,908
Non-controlling interest	**130,319,734**	134,373,268
	61,473,032,297	56,794,580,176
	₱120,040,192,549	₱99,068,141,002

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended September 30		
	2016	2015	2014
REVENUE (Notes 6 and 21)			
Real Estate Operations			
Rental income (Notes 11 and 20)	**₱10,556,125,587**	₱9,287,978,214	₱7,956,129,097
Real estate sales	**7,193,970,995**	6,313,458,917	5,646,638,459
Amusement income	**1,694,021,661**	1,531,671,101	1,259,795,201
Others	**1,259,845,366**	835,331,229	651,412,090
	20,703,963,609	17,968,439,461	15,513,974,847
Hotel Operations	**1,807,598,592**	1,745,849,675	1,533,748,393
	22,511,562,201	19,714,289,136	17,047,723,240
COSTS (Notes 6 and 22)			
Real Estate Operations			
Cost of rental services (Note 26)	**3,973,070,846**	3,444,107,903	3,013,142,880
Cost of real estate sales (Note 9)	**3,982,243,972**	3,207,254,788	3,071,340,402
Cost of amusement services	**764,711,495**	694,919,851	575,239,755
Others	**619,951,194**	489,023,816	403,144,880
	9,339,977,507	7,835,306,358	7,062,867,917
Hotel Operations	**1,316,869,629**	1,292,572,691	1,174,094,303
	10,656,847,136	9,127,879,049	8,236,962,220
	11,854,715,065	10,586,410,087	8,810,761,020
GENERAL AND ADMINISTRATIVE EXPENSES (Notes 6 and 23)	**3,402,719,589**	3,050,178,736	2,572,474,729
OPERATING INCOME	**8,451,995,476**	7,536,231,351	6,238,286,291
OTHER INCOME (LOSSES)			
Gain from insurance claims (Note 26)	**208,583,885**	20,410,473	–
Gain (loss) on foreign exchange	**69,815,448**	(2,152,610)	3,451,988
Interest income (Note 26)	**18,075,015**	39,347,029	14,634,631
Gain on sale of investment property	**7,281,855**	–	–
Interest expense (Notes 16 and 26)	**(571,626,129)**	(5,288,926)	–
	(267,869,926)	52,315,966	18,086,619
INCOME BEFORE INCOME TAX	**8,184,125,550**	7,588,547,317	6,256,372,910
PROVISION FOR INCOME TAX (Note 27)	**2,033,647,029**	1,887,514,489	1,521,473,093
NET INCOME	**6,150,478,521**	5,701,032,828	4,734,899,817
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Cumulative translation adjustment	**42,079,768**	–	–
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Remeasurements of net defined benefit liability (Note 29)	**(57,610,174)**	(3,963,850)	7,159,184
Income tax effect (Note 27)	**17,283,052**	1,189,155	(2,147,755)
	(40,327,122)	(2,774,695)	5,011,429
Total Other Comprehensive Income	**1,752,646**	(2,774,695)	5,011,429
TOTAL COMPREHENSIVE INCOME	**₱6,152,231,167**	₱5,698,258,133	₱4,739,911,246

(Forward)

	Years Ended September 30		
	2016	2015	2014
Net Income Attributable to:			
Equity holders of Parent Company	**₱6,154,532,055**	₱5,699,709,532	₱4,737,013,328
Non-controlling interest in consolidated subsidiaries	**(4,053,534)**	1,323,296	(2,113,511)
	₱6,150,478,521	₱5,701,032,828	₱4,734,899,817
Total Comprehensive Income Attributable to:			
Equity holders of Parent Company	**₱6,156,284,701**	₱5,696,934,837	₱4,742,024,757
Non-controlling interest in consolidated subsidiaries	**(4,053,534)**	1,323,296	(2,113,511)
	₱6,152,231,167	₱5,698,258,133	₱4,739,911,246
Basic/Diluted Earnings Per Share (Note 28)	**₱1.50**	₱1.39	₱1.16

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	For the Year Ended September 30, 2016									
	Attributable to Equity Holders of the Parent Company								Attributable to Non-controlling Interest in Consolidated Subsidiaries	
	Capital Stock (Note 19)	**Additional Paid-in Capital** (Note 19)	**Treasury Stock** (Note 19)	**Other Equity Reserve** (Note 19)	**Remeasurement of Net Defined Benefit Liability** (Note 29)	**Cumulative Translation Adjustment**	**Unappropriated Retained Earnings** (Note 18)	**Appropriated Retained Earnings** (Note 18)		**Total Equity**
Balances at beginning of year	**₱4,111,528,685**	**₱20,392,532,781**	**(₱221,834,657)**	**(₱87,597,873)**	**(₱76,401,362)**	**₱–**	**₱15,541,979,334**	**₱17,000,000,000**	**₱134,373,268**	**₱56,794,580,176**
Comprehensive income	–	–	–	–	–	–	–	–	–	–
Net income	–	–	–	–	–	–	**6,154,532,055**	–	**(4,053,534)**	**6,150,478,521**
Other comprehensive income	–	–	–	–	**(40,327,122)**	**42,079,768**	–	–	–	**1,752,646**
Total comprehensive income	–	–	–	–	**(40,327,122)**	**42,079,768**	**6,154,532,055**	–	**(4,053,534)**	**6,152,231,167**
Reversal of appropriation (Note 18)	–	–	–	–	–	–	**17,000,000,000**	**(17,000,000,000)**	–	–
Appropriation (Note 18)	–	–	–	–	–	–	**(16,000,000,000)**	**16,000,000,000**	–	–
Cash dividends (Note 18)	–	–	–	–	–	–	**(1,473,779,046)**	–	–	**(1,473,779,046)**
Balances at end of year	**₱4,111,528,685**	**₱20,392,532,781**	**(₱221,834,657)**	**(₱87,597,873)**	**(₱116,728,484)**	**₱42,079,768**	**₱21,222,732,343**	**₱16,000,000,000**	**₱130,319,734**	**₱61,473,032,297**

	For the Year Ended September 30, 2015									
	Attributable to Equity Holders of the Parent Company								Attributable to Non-controlling Interest in Consolidated Subsidiaries	
	Capital Stock (Note 19)	Additional Paid-in Capital (Note 19)	Treasury Stock (Note 19)	Other Equity Reserve (Note 19)	Remeasurement of Net Defined Benefit Liability (Note 29)	Cumulative Translation Adjustment	Unappropriated Retained Earnings (Notes 18)	Appropriated Retained Earnings (Note 18)		Total Equity
Balances at beginning of year	₱4,111,528,685	₱20,392,532,781	(₱221,834,657)	(₱87,597,873)	(₱73,626,667)	₱–	₱11,316,048,848	₱17,000,000,000	₱133,049,972	₱52,570,101,089
Comprehensive income										
Net income	–	–	–	–	–	–	5,699,709,532	–	1,323,296	5,701,032,828
Other comprehensive income	–	–	–	–	(2,774,695)	–	–	–	–	(2,774,695)
Total comprehensive income	–	–	–	–	(2,774,695)	–	5,699,709,532	–	1,323,296	5,698,258,133
Reversal of appropriation (Note 18)	–	–	–	–	–	–	17,000,000,000	(17,000,000,000)	–	–
Appropriation (Note 18)	–	–	–	–	–	–	(17,000,000,000)	17,000,000,000	–	–
Cash dividends (Note 18)	–	–	–	–	–	–	(1,473,779,046)	–	–	(1,473,779,046)
Balances at end of year	₱4,111,528,685	₱20,392,532,781	(₱221,834,657)	(₱87,597,873)	(₱76,401,362)	₱–	₱15,541,979,334	₱17,000,000,000	₱134,373,268	₱56,794,580,176

For the Year Ended September 30, 2014

	Capital Stock (Note 19)	Additional Paid-in Capital (Note 19)	Treasury Stock (Note 19)	Other Equity Reserve (Note 19)	Remeasurement of Net Defined Benefit Liability (Note 29)	Unappropriated Retained Earnings (Note 18)	Appropriated Retained Earnings (Note 18)	Attributable to Non-controlling Interest in Consolidated Subsidiaries	Total Equity
	Attributable to Equity Holders of the Parent Company								
Balances at beginning of year	₱4,111,528,685	₱20,392,532,781	(₱221,834,657)	(₱87,597,873)	(₱78,638,096)	₱13,852,814,566	₱11,200,000,000	₱135,163,483	₱49,303,968,889
Comprehensive income									
Net income	–	–	–	–	–	4,737,013,328	–	(2,113,511)	4,734,899,817
Other comprehensive income	–	–	–	–	5,011,429	–	–	–	5,011,429
Total comprehensive income	–	–	–	–	5,011,429	4,737,013,328	–	(2,113,511)	4,739,911,246
Reversal of appropriation (Note 18)	–	–	–	–	–	11,200,000,000	(11,200,000,000)	–	–
Appropriation (Note 18)	–	–	–	–	–	(17,000,000,000)	17,000,000,000	–	–
Cash dividends (Note 18)	–	–	–	–	–	(1,473,779,046)	–	–	(1,473,779,046)
Balances at end of year	₱4,111,528,685	₱20,392,532,781	(₱221,834,657)	(₱87,597,873)	(₱73,626,667)	₱11,316,048,848	₱17,000,000,000	₱133,049,972	₱52,570,101,089

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended September 30		
	2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱8,184,125,550**	₱7,588,547,317	₱6,256,372,910
Adjustments for:			
Depreciation and amortization (Notes 11, 12, 22, and 24)	**3,571,271,998**	3,150,437,260	2,731,972,693
Interest expense on loans payable excluding capitalized borrowing cost (Note 26)	**571,626,129**	5,288,926	–
Accretion expense on security deposits (Notes 15 and 26)	**66,820,441**	63,905,363	78,279,804
Provision for impairment losses (Note 8)	**1,634,384**	–	–
Loss on retirement of investment properties and property and equipment (Note 12)	**–**	12,750	324,018,712
Gain on sale of investment property (Note 11)	**(7,281,855)**	–	–
Interest income (Notes 7, 21 and 26)	**(326,362,956)**	(580,755,622)	(513,959,506)
Operating income before working capital changes	**12,061,833,691**	10,227,435,994	8,876,684,613
Decrease (increase) in:			
Receivables - trade	**(2,298,872,947)**	(1,029,716,677)	(1,647,765,560)
Subdivision land, condominium and residential units for sale (inclusive of capitalized borrowing cost)	**(10,269,088,882)**	(773,883,181)	(1,393,081,568)
Prepaid expenses and value-added input tax	**(154,214,318)**	(133,404,192)	(636,849,482)
Other current assets	**95,475,649**	(37,935,575)	729,821,292
Increase in:			
Accounts payable and accrued expenses and other noncurrent liabilities	**1,442,405,192**	1,110,913,927	985,452,905
Net pension liabilities	**34,516,561**	36,669,861	34,833,887
Customers' deposits	**1,244,567,497**	685,769,144	389,238,067
Cash generated from operations	**2,156,622,443**	10,085,849,301	7,338,334,154
Interest received from installment contract receivables (Notes 21 and 26)	**308,287,941**	541,408,593	499,324,875
Income tax paid	**(1,611,811,533)**	(1,052,182,108)	(1,246,860,762)
Net cash flows provided by operating activities	**853,098,851**	9,575,075,786	6,590,798,267
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received from cash and short-term investments	**18,221,298**	39,275,826	14,617,135
Decrease (increase) in:			
Receivables from affiliated companies (Notes 8 and 20)	**4,916,656**	(815,502)	(272,007)
Advances to suppliers and contractors (Notes 10 and 13)	**(881,320,355)**	(1,517,400,009)	(494,045,948)
Other noncurrent assets	**1,298,516,855**	(1,539,044,096)	(95,339,495)
Advances to lot owners	**51,490,204**	475,054,329	(395,611,155)
Additions to:			
Investment properties (inclusive of capitalized borrowing cost) (Notes 11 and 35)	**(10,408,209,367)**	(11,902,649,055)	(9,045,673,756)
Property and equipment (Notes 12 and 35)	**(1,452,986,001)**	(635,124,068)	(587,097,540)
Proceeds from sale of investment property	**33,610,500**	–	–
Net cash flows used in investing activities	**(11,335,760,210)**	(15,080,702,575)	(10,603,422,766)

(Forward)

	Years Ended September 30		
	2016	2015	2014
CASH FLOWS FROM FINANCING ACTIVITIES			
Availment of loans payable (Note 16)	**₱11,500,000,000**	₱12,000,000,000	₱10,000,000,000
Availment of short-term loans (Note 16)	**4,039,100,000**	3,048,897,460	8,101,450,000
Increase (decrease) in payable to affiliated companies and other liabilities (Note 15)	**(3,980,173)**	211,582,612	147,680,169
Interest paid	**(517,222,768)**	69,038,405	(34,074,420)
Payments of loans payable (Note 16)	–	–	(10,000,000,000)
Payments of debt issue cost (Note 16)	**(57,500,000)**	(111,924,327)	(79,698,532)
Payments of cash dividends (Notes 14 and 18)	**(1,472,627,310)**	(1,472,518,532)	(1,470,911,440)
Payments of short-term loans (Note 16)	**(3,048,897,460)**	(8,101,450,000)	(2,678,400,000)
Net cash flows provided by financing activities	**10,438,872,289**	5,643,625,618	3,986,045,777
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(43,789,070)**	137,998,829	(26,578,722)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,192,954,018**	1,054,955,189	1,081,533,911
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱1,149,164,948**	₱1,192,954,018	₱1,054,955,189

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 under the laws of the Philippines. The Parent Company and its subsidiaries are collectively referred herein as “the Group”.

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

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

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

The consolidated financial statements as of September 30, 2016 and 2015 and for each of the three years in the period ended September 30, 2016 were authorized for issue by the Parent Company’s Board of Directors (BOD) on January 6, 2017.

2. Basis of Preparation

The consolidated financial statements of the Group have been prepared under the historical cost basis and are presented in Philippine Peso (₱), the Parent Company’s functional currency. All amounts are rounded to the nearest peso unless otherwise indicated.

<u>Statement of Compliance</u>
The accompanying consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

<u>Basis of Consolidation</u>
The consolidated financial statements comprise the financial statements of the Group as of September 30, 2016 and 2015, and for each of the three years in the period ended September 30, 2016.

The consolidated financial statements are prepared for the same reporting year 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 controls 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 statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies 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.

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

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

The consolidated financial statements include the financial statements of the Parent Company and the following subsidiaries as of September 30:

	Country of Incorporation	Effective Percentage of Ownership 2016	2015
Robinson's Inn Inc.	Philippines	**100%**	100%
Robinsons Realty and Management Corp.	Philippines	**100%**	100%
Robinsons Properties Marketing and Management Corp.	Philippines	**100%**	100%
Manhattan Buildings and Management Corp.	Philippines	**100%**	100%
Robinson's Land (Cayman), Ltd.	Cayman Islands	**100%**	100%
Altus San Nicolas Corporation (ASNC)	Philippines	**100%**	100%
Altus Angeles, Inc. (AAI)	Philippines	**51%**	51%
GoHotels Davao, Inc.	Philippines	**51%**	51%
Lingkod Pinoy Bus Liner, Inc.	Philippines	**80%**	–
RLC Resources Ltd.	British Virgin Island	**100%**	100%
Kingdom Pacific Ltd. (Kingdom Pacific)	Hong Kong	**–**	100%
Land Century Holdings Ltd.	Hong Kong	**100%**	100%
World Century Enterprise Ltd.	Hong Kong	**100%**	100%
Crown Harbour Holdings Ltd. (Crown Harbour)	Hong Kong	**–**	100%
First Capital Development Ltd. (First Capital)	Hong Kong	**100%**	100%
Chengdu Xin Yao Real Estate Development, Co. Ltd. (Chengdu Xin Yao)	China	**100%**	–

On October 19, 2015, Chengdu Xin Yao, subsidiary of First Capital, was incorporated to engage in the business of real estate development of Wuhou District of Chengdu Province in China (see Note 9).

On April 7, 2016, Lingkod Pinoy Bus Liner, Inc. was incorporated to engage in land transportation for transportation of carriage of passengers, goods, and merchandise within any place in the Philippines.

On June 20, 2016, the Directors of RLC Resources Limited approved the sale of 100% of its investment in Crown Harbor Holdings, Limited and Kingdom Pacific Limited. On July 12, 2016, the investment in Crown Harbour and Kingdom Pacific, were sold to Paramount Ventures Group Limited.

As of September 30, 2016, 2015 and 2014, the Group has no subsidiary with material non-controlling interest that would require additional disclosures.

3. Changes in Accounting Policies

Standards Issued But Not Yet Effective

The Group has not applied the following PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations which are not yet effective as of September 30, 2016. This list consists of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt these standards when they become effective. Unless otherwise indicated, adoption of these standards and interpretations are not expected to have any significant impact on the consolidated financial statements.

Effective January 1, 2016

- PFRS 10, *Consolidated Financial Statements,* PFRS 12, *Disclosure of Interests in Other Entities,* and PAS 28, *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception (Amendments)*
- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests (Amendments)*
- PFRS 14, *Regulatory Deferral Accounts*
- PAS 1, *Presentation of Financial Statements - Disclosure Initiative (Amendments)*
- PAS 16, *Property, Plant and Equipment* and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization (Amendments)*
- PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements (Amendments)*
- Annual Improvements to PFRSs (2012-2014 cycle)
  - PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*
  - PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*
  - PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
  - PAS 19, *Employee Benefits - Regional Market Issue regarding Discount Rate*
  - PAS 34, *Interim Financial Reporting - Disclosure of Information 'Elsewhere in the Interim Financial Report'*

Effective January 1, 2017

- PAS 7, *Cash Flow Statement*s - *Disclosure Initiative (Amendments)*
- PAS 12, *Income Taxes - Recognition of Deferred Tax Assets for Unrealized Losses (Amendments)*

Effective January 1, 2018

- PFRS 9, *Financial Instruments*
  In July 2014, the International Accounting Standards Board (IASB) issued the final version of International Financial Reporting Standards (IFRS) 9, *Financial Instruments*. The new standard (renamed as PFRS 9) reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Early application of previous versions of PFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The Group did not early adopt PFRS 9.

  The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Group's financial liabilities. The Group is currently assessing the impact of adopting this standard.

Effective January 1, 2019

- PFRS 16, *Leases*
  On January 13, 2016, the IASB issued its new standard, PFRS 16, *Leases*, which replaces PAS 17, the current leases standard, and the related Interpretations.

  Under the new standard (renamed as PFRS 16), lessees will no longer classify their leases as either operating or finance leases in accordance with PAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their statements of financial position, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

  The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

  The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is not permitted until the FRSC has adopted the new revenue recognition standard. When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs. The Group plans to adopt the new standard on the required effective date. It is currently assessing the impact of the new standard and expects it to significantly impact its lease arrangements wherein the Group is a lessee as it will already recognize the related assets and liabilities in its statements of financial position.

In addition, the IASB has issued the following new standards that have not yet been adopted locally by the SEC and FRSC. The Group is currently assessing the impact of these new standards and plans to adopt them on their required effective dates once adopted locally.

- IFRS 15, *Revenue from Contracts with Customers*
  IFRS 15 was issued in May 2014 by the IASB and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principals in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018. Early adoption is permitted.

  The Group is engaged in selling activities of real estate projects while construction is in progress or even before it has started. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

4. **Summary of Significant Accounting Policies**

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the consideration received or receivable, taking into the account contractually defined terms of payment and excluding taxes or duty.

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

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

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

Revenue recognition commences when the construction is beyond preliminary stage (i.e., engineering, design work, construction contracts execution, site clearance and preparation, excavation and the building foundation are finished), and the required buyer's equity is met. Buyer's equity represents the percentage of collection over the total selling price that the buyer has paid the Group and it is at this collection level that the Group assesses that it is probable that the economic benefits will flow to the Group because of certainty of collection of the remaining balance of the selling price. This gives the buyer, a stake in the property, the level of which is sufficient enough to mitigate the risks of loss through default which would motivate the buyer to honor its obligations to the Group.

If any of the criteria under the percentage-of-completion method is not met, the deposit method is applied until all the conditions for recording a sale are met. Pending recognition of sale, cash received from buyers are presented under the "Deposits from real estate buyers" account which is shown as part of the "Deposits and other liabilities" account in the liabilities section of the consolidated statement of financial position.

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

Amusement income
Revenue is recognized upon rendering of services.

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

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

Gains
Gains represent other items that meet the definition of income and may, or may not, arise in the course of the ordinary activities of the Group. Gains represent increases in economic benefits and have the same nature as revenue. These are recognized as income when cash is realized.

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

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

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

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

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

Fair Value Measurement

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

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the 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 on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Current and Noncurrent Classification

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

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

All other assets are classified as noncurrent.

A liability is current when:

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

The Group classifies all other liabilities as noncurrent.

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

Cash and Cash Equivalents

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

Financial Instruments - Initial Recognition and Subsequent Recognition

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

'Day 1' difference

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

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

Financial Assets

Initial recognition and measurement

Financial assets are classified as either financial assets at fair value through profit or loss (FVPL), loans and receivables, held-to-maturity (HTM) investment, available for sale(AFS) financial assets, or as derivatives designated as hedging instruments in an effective hedge as appropriate. All financial instruments are recognized initially at fair value plus, in the case of financial assets not recorded at FVPL, transaction costs that are directly attributable to the acquisition of financial assets.

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

The Group's financial assets are of the nature of loans and receivables as of September 30, 2016 and 2015.

Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the EIR method, less impairment. 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 in finance income in the statement of profit or loss. The losses arising from impairment are recognized in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

The Group's loans and receivables include cash and cash equivalents, receivables and refundable utility deposits included under "Other Current and Noncurrent Assets".

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 Group's consolidated statement of financial position) when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough 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.

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

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

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

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

Financial Liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and other financial liablities, 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 are presented net of directly attributable debt issue or transaction costs.

The Group's financial liabilities include other financial liabilities as of September 30, 2016 and 2015.

Other Financial Liabilities
After initial recognition, other financial liabilities are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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

The Group's other financial liabilities consists of accounts payable and accrued expenses, short-term loans, loans payable, and payable to affiliated companies and deposits from lessees which are both included under "Deposit and other 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 statement of profit or loss.

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

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

The difference between the cash received and its fair value is deferred (included in the "Deposits and other liabilities" in the consolidated statement of financial position) and amortized using the straight-line method.

Deposits from real estate buyers
Deposits from real estate buyers represent mainly reservation fees and advance payments. These deposits will be recognized as revenues in the profit or loss as the related obligations are fulfilled to the real estate buyers. The deposits are recorded as "Deposits from real estate buyers" and reported under the "Deposits and other liabilities" account in the consolidated statement of financial position.

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.

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

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

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

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

Value-added Tax (VAT)
Revenues, expenses, assets and liabilities are recognized net of the amount of VAT, except when the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item is applicable.

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

Investment Properties
Investment properties 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 amortization 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
Building improvements	10
Land improvements	10

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

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

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

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

Property and Equipment
Property and equipment are stated at cost less accumulated depreciation and amortization 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 and amortization 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
Building improvements	10
Land improvements	5
Theater furniture and equipment	5
Other equipment	2.5

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

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

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

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 investment properties and property and equipment 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 and amortization, had no impairment loss been recognized for the assets in prior periods, such reversal is recognized in the consolidated statement of comprehensive income.

Borrowing costs

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

Interest and other financing costs incurred during the construction period on borrowings used to finance property development are capitalized as part of development costs (included in "Subdivision Land, Condominium and Residential Units for Sale", "Properties and Equipment" and "Investment Properties" accounts in the Group's consolidated statement of financial position). Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded. Capitalized borrowing cost is based on applicable weighted average borrowing rate for those coming from general borrowings.

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

Equity

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

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

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

Treasury Stock

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

Other equity reserve
Other equity reserve pertains to the difference between the consideration paid and the carrying value of the non-controlling interest acquired.

Income Taxes
Current tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the 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 tax
Deferred 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 tax liabilities are recognised for all taxable temporary differences, except:
- When the deferred 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 tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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 recognised 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 tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are earned 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 and deferred tax liabilities that will reverse during the income tax holiday (ITH).

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

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes 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.

<u>Leases</u>
The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception date, and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets, and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

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

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

Group as a lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the profit and loss on a straight-line basis over the lease term. Minimum lease payments are recognized on a straight-line basis while the variable rent is recognized as an expense based on the terms of the leased contract.

Group as a lessor
Leases where the Group retains substantially all the risk 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. Contingent rents are recognized as revenue in the period in which they are earned. Indirect costs incurred in negotiating an operating lease are added to the carrying value of the leased asset and recognized over the lease term on the same basis as the lease income.

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 their 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.

<u>Joint Operation</u>
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.

<u>Foreign currencies</u>
The Group's consolidated financial statements are presented in Philippine Peso, which is also the Parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

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 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.

<u>Earnings Per Share (EPS)</u>
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 holder of the Parent Company by the weighted average number of common shares issued and outstanding during the period after giving effect to assumed conversion of potential common shares.

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

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

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

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

5. Significant Accounting Judgments and Estimates

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

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

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

Revenue and cost recognition on real estate sales
Selecting an appropriate revenue recognition method for a particular real estate sale transaction requires certain judgment based on, among others:
- Buyer's commitment on the sale which may be ascertained through the significance of the buyer's initial investment; and
- Stage of completion of the project.

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

Operating leases commitments - Group as lessee
The Group has entered into lease contracts to develop commercial or office properties on the leased land premises. Based on an evaluation of the terms and conditions of the arrangements, all the risks and benefits incidental to ownership of the leased land are not transferred to the Group.

Operating lease commitments - Group as lessor
The Group has entered into commercial and office property leases on its investment property 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.

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.

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.

Distinction between investment properties and owner-occupied properties
The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property is not occupied substantially for use by, or in operations of the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. Owner-occupied properties are attributable not only to the main property but also to the other assets used in the supply process.

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

Distinction between subdivision land (inventory) and land and land improvements (investment property)
The Group determines whether a property will be classified as "Subdivision land" or "Land and land improvements". In making this judgment, the Group considers whether the property will be sold in the normal operating cycle (Subdivision land) or whether it will be retained as part of the Group's strategic land banking activities for future development or sale which are yet to be finalized by the Group (Investment property).

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

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

Revenue and cost recognition
The Group's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue and costs. The Group's revenue and cost from real estate is recognized based on the percentage of completion 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 year ended September 30, 2016, 2015 and 2014, the real estate sales amounted to ₱7,194 million, ₱6,313 million and ₱5,647 million, respectively while cost of sales amounted to ₱3,982 million, ₱3,207 million and ₱3,071 million, respectively.

Allowance for impairment losses
The Group maintains allowance for impairment losses at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by management based on the factors that affect the collectability of the accounts. For rental activities, these factors include, but are not limited to, the length of the Group's relationship with the tenant, the tenant's payment behavior and other known market factors. For real estate sales activities, these factors include the fact that title of the real estate properties will only transfer to the buyer if the receivables are fully settled and paid. The Group recognizes impairment losses based on the results of the specific/individual and collective assessment of its credit exposures.

The related balances follow (see Note 8):

	2016	2015
Receivables	**₱10,069,753,795**	₱7,775,943,787
Allowance for impairment losses	**47,676,601**	46,042,217

Useful lives of investment properties and property and equipment
The Group estimates the useful lives of the depreciable investment properties and property and equipment based on the period over which the assets are expected to be available for use. The Group reviews periodically the estimated useful lives of investment properties and property and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of the 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. A reduction in the estimated useful lives of investment properties and property and equipment would increase the recorded depreciation and amortization expense and decrease the related asset accounts.

The related balances follow:

	2016	2015
Investment properties, excluding land (Note 11)		
Cost	**₱67,979,470,213**	₱58,400,974,146
Accumulated depreciation and amortization	**24,323,342,677**	21,341,700,039
Property and equipment (Note 12)		
Cost	**9,611,961,132**	8,074,510,249
Accumulated depreciation and amortization	**5,152,345,180**	4,567,292,833

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

As of September 30, 2016 and 2015, the Group's subdivision land, condominium and residential units for sale amounted to ₱25,849 million and ₱15,475 million, respectively (see Note 9).

Impairment of nonfinancial assets
The Group assesses the impairment of assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:
- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. 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 can materially affect the consolidated financial statements.

As of September 30, 2016 and 2015, the Group’s investment properties amounted to ₱71,902 million and ₱64,016 million, respectively (see Note 11). The Group’s property and equipment amounted to ₱4,460 million and ₱3,507 million as of September 30, 2016 and 2015, respectively (see Note 12).

The Group has no impairment of nonfinancial assets as of September 30, 2016 and 2015.

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 as of September 30, 2016 and 2015 amounted to ₱790 million and ₱716 million, respectively (see Note 27).

The Group has deductible temporary difference that is available for offset against taxable income or tax payable which deferred tax asset has not been recognized. This pertains to NOLCO of subsidiaries amounting to ₱4 million and ₱3 million as of September 30, 2016 and 2015, respectively. The related deferred tax assets amounted to ₱1 million as of September 30, 2016 and 2015 (see Note 27).

As of September 30, 2016 and 2015, the Group operates a hotel and has certain residential projects which enjoy the benefits of an ITH. As such, no deferred tax assets were set up on certain gross deductible temporary differences that are expected to reverse within the ITH period (see Note 33).

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 September 30, 2016 and 2015, the Group’s present value of defined benefit obligations is shown in Note 29.

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 amortization and other income(losses) (EBITDA). The Group does not report its results based on geographical segments because the Group currently only has revenue generating activities in the Philippines as the real estate development in China is still in the pre-operating stage.

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

Cost and expenses exclude interest, taxes, depreciation and amortization.

The Group derives its revenue from the following reportable units:

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

Residential Division - develops and sells residential condominium spaces, as well as high-end horizontal residential projects.

Office Buildings Division - develops and leases out office spaces.

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

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

	2016					
	Commercial Center Division	**Residential Division**	**Office Buildings Division**	**Hotel Division**	**Intersegment Eliminating Adjustments**	**Consolidated**
Revenue						
Segment revenue	**₱9,961,880,934**	**₱7,829,061,783**	**₱2,913,020,892**	**₱1,807,598,592**	**₱–**	**₱22,511,562,201**
Intersegment revenue	**55,590,754**	**–**	**11,198,391**	**–**	**(66,789,145)**	**–**
Total Revenue	**10,017,471,688**	**7,829,061,783**	**2,924,219,283**	**1,807,598,592**	**(66,789,145)**	**22,511,562,201**
Costs and expenses						
Segment costs and expenses	**3,309,888,773**	**5,749,694,729**	**281,199,640**	**1,147,511,585**	**–**	**10,488,294,727**
Intersegment costs and expenses	**6,825,206**	**63,035,571**	**(11,680,557)**	**8,608,925**	**(66,789,145)**	**–**
Total Costs and expenses	**3,316,713,979**	**5,812,730,300**	**269,519,083**	**1,156,120,510**	**(66,789,145)**	**10,488,294,727**
Earnings before interest, taxes and depreciation and amortization	**6,700,757,709**	**2,016,331,483**	**2,654,700,200**	**651,478,082**	**–**	**12,023,267,474**
Depreciation and amortization (Notes 22 and 24)	**2,746,396,661**	**34,309,947**	**621,207,346**	**169,358,044**	**–**	**3,571,271,998**
Operating income	**₱3,954,361,048**	**₱1,982,021,536**	**₱2,033,492,854**	**₱482,120,038**	**₱–**	**₱8,451,995,476**

(Forward)

	2016					
	Commercial Center Division	**Residential Division**	**Office Buildings Division**	**Hotel Division**	**Intersegment Eliminating Adjustments**	**Consolidated**
Assets and Liabilities						
Segment assets	**₱60,030,652,818**	**₱43,469,784,109**	**₱12,666,803,823**	**₱3,872,951,799**	**₱–**	**₱120,040,192,549**
Investment in subsidiaries - at cost	**11,009,215,946**	**–**	**–**	**25,500,000**	**(11,034,715,946)**	**–**
Total segment assets	**₱71,039,868,764**	**₱43,469,784,109**	**₱12,666,803,823**	**₱3,898,451,799**	**(₱11,034,715,946)**	**₱120,040,192,549**
Total segment liabilities	**₱48,378,933,760**	**₱6,963,124,434**	**₱2,273,902,977**	**₱951,199,081**	**₱–**	**₱58,567,160,252**
Other segment information:						
Capital expenditures (Note 11 and 12)						**₱12,390,195,956**
Additions to subdivision land, condominium and residential units for sale (Note 9)						**₱14,293,412,622**
Cash flows from:						
Operating activities	**(₱1,841,614,430)**	**₱215,869,745**	**₱1,784,291,784**	**₱694,551,752**	**₱–**	**₱853,098,851**
Investing activities	**(8,557,665,607)**	**(3,506,959)**	**(1,788,278,963)**	**(986,308,681)**	**–**	**(11,335,760,210)**
Financing activities	**10,267,456,029**	**148,752,504**	**–**	**22,663,756**	**–**	**10,438,872,289**

	2015					
	Commercial Center Division	Residential Division	Office Buildings Division	Hotel Division	Intersegment Eliminating Adjustments	Consolidated
Revenue						
Segment revenue	₱9,103,360,425	₱6,623,548,373	₱2,241,530,663	₱1,745,849,675	₱–	₱19,714,289,136
Intersegment revenue	54,830,516	–	–	–	(54,830,516)	–
Total Revenue	9,158,190,941	6,623,548,373	2,241,530,663	1,745,849,675	(54,830,516)	19,714,289,136
Costs and expenses						
Segment costs and expenses	2,973,104,567	4,791,962,979	135,618,549	1,126,934,430	–	9,027,620,525
Intersegment costs and expenses	–	54,830,516	–	–	(54,830,516)	–
Total Costs and expenses	2,973,104,567	4,846,793,495	135,618,549	1,126,934,430	(54,830,516)	9,027,620,525
Earnings before interest, taxes and depreciation and amortization	6,185,086,374	1,776,754,878	2,105,912,114	618,915,245	–	10,686,668,611
Depreciation and amortization (Notes 22 and 24)	2,416,157,268	34,380,494	534,261,237	165,638,261	–	3,150,437,260
Operating income	₱3,768,929,106	₱1,742,374,384	₱1,571,650,877	₱453,276,984	₱–	₱7,536,231,351
Assets and Liabilities						
Segment assets	₱53,811,784,260	₱30,861,305,340	₱11,172,903,565	₱3,222,147,837	₱–	₱99,068,141,002
Investment in subsidiaries - at cost	774,855,085	–	–	25,500,000	(800,355,085)	–
Total segment assets	₱54,586,639,345	₱30,861,305,340	₱11,172,903,565	₱3,247,647,837	(₱800,355,085)	₱99,068,141,002
Total segment liabilities	₱32,475,315,132	₱6,925,059,155	₱1,890,781,507	₱982,405,032	₱–	₱42,273,560,826
Other segment information:						
Capital expenditures (Note 11 and 12)						₱12,791,561,899
Additions to subdivision land, condominium and residential units for sale (Note 9)						₱3,981,137,969
Cash flows from:						
Operating activities	₱6,526,505,806	₱1,096,282,692	₱1,534,834,822	₱417,452,466	₱–	₱9,575,075,786
Investing activities	(12,226,531,210)	(1,080,550,575)	(1,554,369,471)	(219,251,319)	–	(15,080,702,575)
Financing activities	5,696,807,373	(19,054,077)	–	(34,127,678)	–	5,643,625,618

	2014					
	Commercial Center Division	Residential Division	Office Buildings Division	Hotel Division	Intersegment Eliminating Adjustments	Consolidated
Revenue						
Segment revenue	₱8,104,816,189	₱5,864,907,037	₱1,544,251,621	₱1,533,748,393	₱–	₱17,047,723,240
Intersegment revenue	46,797,332	–	–	–	(46,797,332)	–
Total Revenue	8,151,613,521	5,864,907,037	1,544,251,621	1,533,748,393	(46,797,332)	17,047,723,240
Costs and expenses						
Segment costs and expenses	2,599,217,442	4,403,340,314	67,416,885	1,007,489,615	–	8,077,464,256
Intersegment costs and expenses	–	46,797,332	–	–	(46,797,332)	–
Total Costs and expenses	2,599,217,442	4,450,137,646	67,416,885	1,007,489,615	(46,797,332)	8,077,464,256

(Forward)

	2014					
	Commercial Center Division	Residential Division	Office Buildings Division	Hotel Division	Intersegment Eliminating Adjustments	Consolidated
Earnings before interest, taxes and depreciation and amortization	₱5,552,396,079	₱1,414,769,391	₱1,476,834,736	₱526,258,778	₱–	₱8,970,258,984
Depreciation and amortization (Notes 22 and 24)	2,105,789,830	29,832,608	429,745,567	166,604,688	–	2,731,972,693
Operating income	₱3,446,606,249	₱1,384,936,783	₱1,047,089,169	₱359,654,090	₱–	₱6,238,286,291
Assets and Liabilities						
Segment assets	₱45,888,121,873	₱27,347,066,806	₱9,507,454,046	₱2,626,772,559	₱–	₱85,369,415,284
Investment in subsidiaries - at cost	800,287,546	–	–	–	(800,287,546)	–
Total segment assets	₱46,688,409,419	₱27,347,066,806	₱9,507,454,046	₱2,626,772,559	(₱800,287,546)	₱85,369,415,284
Total segment liabilities	₱25,562,232,757	₱5,295,651,135	₱1,212,515,943	₱728,914,360	₱–	₱32,799,314,195
Other segment information:						
Capital expenditures						₱9,632,771,296
Additions to subdivision land, condominium and residential units for sale						₱4,464,421,970
Cash flows from:						
Operating activities	₱4,214,894,724	₱859,330,586	₱1,304,693,912	₱211,879,045	₱–	₱6,590,798,267
Investing activities	(8,171,024,196)	(914,443,675)	(1,262,308,168)	(255,646,727)	–	(10,603,422,766)
Financing activities	3,787,357,629	48,734,806	–	149,953,342	–	3,986,045,777

The revenue of the Group consists mainly of sales to domestic customers. Inter-segment revenue accounted for under PFRS and on an arm's length basis arising from lease arrangements amounting ₱67 million, ₱55 million and ₱47 million in 2016, 2015 and 2014, respectively, are eliminated in consolidation.

The carrying amount of assets located outside the Philippines amounted to ₱10,098 million as of September 30, 2016.

No operating segments have been aggregated to form the above reportable segments. Capital expenditures consists of additions to property and equipment and investment properties.

Significant customers in lease arrangements under commercial center division include 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 about ₱2,181 million, ₱1,877 million and ₱1,630 million in 2016, 2015 and 2014, respectively.

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

	2016	2015	2014
EBITDA	**₱12,023,267,474**	₱10,686,668,611	₱8,970,258,984
Depreciation and amortization (Note 24)	**(3,571,271,998)**	(3,150,437,260)	(2,731,972,693)
Other income - net	**(267,869,926)**	52,315,966	18,086,619
Income before income tax	**₱8,184,125,550**	₱7,588,547,317	₱6,256,372,910

7. Cash and Cash Equivalents

	2016	2015
Cash on hand and in banks	**₱771,028,252**	₱597,003,967
Short-term investments	**378,136,696**	595,950,051
	₱1,149,164,948	₱1,192,954,018

Cash in banks earn interest at the prevailing bank deposit rates. Short-term investments are invested for varying periods of up to three months and earn interest at the prevailing short-term investment rates ranging from 0.7% to 1.4%, 0.38% to 1.25% and 1.00% to 4.63% in 2016, 2015 and 2014, respectively.

Interest earned from cash in banks and short-term investments for the years ended September 30, 2016, 2015 and 2014 amounted to ₱18 million, ₱39 million and ₱14 million, respectively (see Note 26).

8. Receivables

	2016	2015
Trade		
Installment contract receivables	**₱8,217,622,057**	₱6,216,079,304
Accrued rent receivables	**721,628,537**	518,174,550
Rental receivables (Note 20)	**665,821,326**	420,768,745
Hotel operations	**190,973,512**	206,549,903
	9,796,045,432	7,361,572,502
Affiliated companies (Note 20)	**17,561,348**	22,478,004
Others	**256,147,015**	391,893,281
	10,069,753,795	7,775,943,787
Less allowance for impairment losses	**47,676,601**	46,042,217
	10,022,077,194	7,729,901,570
Less noncurrent portion	**2,968,073,536**	2,708,934,759
	₱7,054,003,658	₱5,020,966,811

The installment contract receivables aggregating to ₱8,218 million and ₱6,216 million as of September 30, 2016 and 2015, respectively, are collectible in monthly installments over a period of one (1) to five (5) years and bear annual interest ranging from 12% to 21% computed on the diminishing balance of the principal. The noncurrent portion of installment contract receivables amounting to ₱2,325 million and ₱2,258 million as of September 30, 2016 and 2015, respectively. The title of the real estate property, which is the subject of the installment contract receivable due beyond 12 months, passes to the buyer once the receivable is fully paid.

The accrued rent receivables represent the portion of the lease as a consequence of recognizing income on a straight-line basis. As of September 30, 2016 and 2015, the noncurrent portion of accrued rent receivable amouting to ₱643 million and ₱451 million, respectively.

Rental receivables from affiliated companies included under "Rental receivables" amounted to about ₱137 million and ₱103 million as of September 30, 2016 and 2015, respectively (see Note 20).

Other receivables consist primarily of insurance claims, receivables from officers and employees, and advances to brokers. 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.

Allowance for impairment losses on trade receivables as of September 30 follow:

	2016			
	Individual Assessment		**Collective Assessment**	
	Rental Receivable	Hotels Operations	Installment Contract Receivables	Total
Balances at beginning of year	₱13,905,027	₱13,137,190	₱19,000,000	₱46,042,217
Provision for impairment losses	–	1,634,384	–	1,634,384
Balances at end of year	₱13,905,027	₱14,771,574	₱19,000,000	₱47,676,601

	2015			
	Individual Assessment		Collective Assessment	
	Rental Receivable	Hotels Operations	Installment Contract Receivables	Total
Balances at beginning and end of year	₱13,905,027	₱13,137,190	₱19,000,000	₱46,042,217

No provision for impairment losses were recognized by the Group in 2015.

Aging Analysis

The aging analysis of the Group's receivables follows:

	2016						
		Neither Past Due nor Impaired	**Past Due But Not Impaired**				**Past Due and Impaired**
	Total		**Less than 30 days**	**30 to 60 days**	**61 to 90 days**	**Over 90 days**	
Trade receivables							
Installment contract receivables	**₱8,217,622,057**	**₱7,220,420,961**	**₱179,137,309**	**₱106,054,366**	**₱101,376,753**	**₱591,632,668**	**₱19,000,000**
Accrued rent receivables	**721,628,537**	**721,628,537**	–	–	–	–	–
Rental receivables	**665,821,326**	**70,465,687**	**59,164,106**	**10,066,513**	**120,180,867**	**392,039,126**	**13,905,027**
Hotel operations	**190,973,512**	**42,376,585**	**30,516,963**	**21,734,435**	**21,187,387**	**60,386,568**	**14,771,574**
Affiliated companies (Note 20)	**17,561,348**	**17,561,348**	–	–	–	–	–
Others	**256,147,015**	**256,147,015**	–	–	–	–	–
	₱10,069,753,795	**₱8,328,600,133**	**₱268,818,378**	**₱137,855,314**	**₱242,745,007**	**₱1,044,058,362**	**₱47,676,601**

	2015						
		Neither Past Due nor Impaired	Past Due But Not Impaired				Past Due and Impaired
	Total		Less than 30 days	30 to 60 days	61 to 90 days	Over 90 days	
Trade receivables							
Installment contract receivables	₱6,216,079,304	₱4,680,803,571	₱451,394,026	₱159,411,964	₱58,825,531	₱846,644,212	₱19,000,000
Accrued rent receivables	518,174,550	518,174,550	–	–	–	–	–
Rental receivables	420,768,745	134,295,019	35,194,503	91,337,698	24,456,703	121,579,795	13,905,027
Hotel operations	206,549,903	88,939,099	35,906,468	18,762,862	9,647,846	40,156,438	13,137,190
Affiliated companies (Note 20)	22,478,004	22,478,004	–	–	–	–	–
Others	391,893,281	391,893,281	–	–	–	–	–
	₱7,775,943,787	₱5,836,583,524	₱522,494,997	₱269,512,524	₱92,930,080	₱1,008,380,445	₱46,042,217

9. **Subdivision Land, Condominium and Residential Units for Sale**

	2016	2015
Land and condominium units	**₱10,150,791,260**	₱9,925,209,029
Residential units and subdivision land	**15,698,707,324**	5,549,502,312
	₱25,849,498,584	₱15,474,711,341

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

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

	2016	2015
Balances at beginning of year	**₱15,474,711,341**	₱15,174,707,862
Acquisition of land use right	**10,097,835,168**	–
Construction and development costs incurred	**4,195,577,454**	3,981,137,969
Transfers from (to) investment properties and property and equipment (Notes 11 and 12)	**63,618,593**	(473,879,702)
Cost of inventory sold (Note 22)	**(3,982,243,972)**	(3,207,254,788)
Balances at end of year	**₱25,849,498,584**	₱15,474,711,341

Borrowing cost capitalized amounted to ₱376 million and ₱66 million in 2016 and 2015, respectively. The capitalization rate used to determine the amount of borrowing costs eligible for capitalization in 2016 and 2015 is 4.45% and 4.54%, respectively. These amounts were included in the construction and development costs incurred (see Notes 11 and 16).

The amount of subdivision land, condominium and residential units for sale recognized as cost of sales in the consolidated statement of comprehensive income amounted to ₱3,982 million, ₱3,207 million and ₱3,071 million for the years ended September 30, 2016, 2015 and 2014, respectively (see Note 22).

On September 18, 2015, the Group paid the Chinese Government bid deposit amounting to ₱1,440 million to join the bidding for the purchase of land rights located in Chengdu Province, China. The bid deposit was presented as "Deposit for land use right" as of September 30, 2015 (see Note 13). On October 20, 2015, the Contract for Assignment of the Rights to the Use of State-Owned Land was awarded to the Group.

In May 2016, the Masterplan had been completed which was submitted for approval to the Chinese government in the same month. The estimated time of approval from Chinese government will be in first quarter of 2017, and the project will take around 5 years to be completed.

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.

There are no subdivision land, condominium and residential units for sale as of September 30, 2016 and 2015 that are pledged as security to liabilities.

10. **Other Current Assets**

	2016	2015
Advances to suppliers and contractors	**₱2,314,624,584**	₱1,801,913,691
Input VAT - net	**1,373,864,383**	1,200,051,270
Advances to lot owners (Note 30)	**551,372,410**	602,862,614
Restricted cash - escrow	**61,393,143**	124,905,880
Supplies	**68,508,974**	69,463,359
Prepaid expenses	**62,536,837**	52,313,625
Utility deposits (Notes 31 and 32)	**7,131,583**	5,386,072
Others	**8,005,286**	90,259,324
	₱4,447,437,200	₱3,947,155,835

Advances to suppliers and contractors consist of advance payment which will be applied against the final billing and are expected to occur within the year.

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

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

Restricted cash - escrow pertains to cash placed in escrow funds earmarked for the acquisition of parcels of land, pursuant to the memorandum of agreement (MOA) with various sellers. Said amount shall be released to the sellers upon fulfillment of certain conditions set forth in MOA.

Supplies consist mainly of office and maintenance materials.

Prepaid expenses consist mainly of prepayments for taxes and insurance.

Utility deposits consist primarily of bid bonds and meter deposits.

Others consist primarily of refundable deposit made by the Group.

11. Investment Properties

	2016				
	Land	**Land Improvements**	**Buildings and Improvements**	**Construction In Progress**	**Total**
Cost					
Balances at beginning of year	**₱26,956,289,573**	**₱205,327,538**	**₱52,198,272,835**	**₱5,997,373,773**	**₱85,357,263,719**
Additions	**1,380,195,603**	**12,634,165**	**3,034,907,598**	**6,509,472,589**	**10,937,209,955**
Retirement/disposal	**(26,328,645)**	–	–	–	**(26,328,645)**
Reclassification and transfers - net (Notes 9, 10 and 12)	**(64,075,212)**	**12,054,920**	**8,907,166,341**	**(8,897,739,546)**	**(42,593,497)**
Balances at end of year	**28,246,081,319**	**230,016,623**	**64,140,346,774**	**3,609,106,816**	**96,225,551,532**
Accumulated Depreciation and Amortization					
Balances at beginning of year	–	**93,567,175**	**21,248,132,864**	–	**21,341,700,039**
Depreciation and amortization (Notes 22 and 24)	–	**17,004,609**	**2,964,638,029**	–	**2,981,642,638**
Balances at end of year	–	**110,571,784**	**24,212,770,893**	–	**24,323,342,677**
Net Book Value	**₱28,246,081,319**	**₱119,444,839**	**₱39,927,575,881**	**₱3,609,106,816**	**₱71,902,208,855**

	2015				
	Land	Land Improvements	Buildings and Improvements	Construction In Progress	Total
Cost					
Balances at beginning of year	₱21,031,172,772	₱186,030,981	₱46,790,968,860	₱5,626,256,327	₱73,634,428,940
Additions	4,984,141,804	17,906,700	1,076,386,107	6,078,003,220	12,156,437,831
Reclassification and transfers - net (Notes 9, 10 and 12)	940,974,997	1,389,857	4,330,917,868	(5,706,885,774)	(433,603,052)
Balances at end of year	26,956,289,573	205,327,538	52,198,272,835	5,997,373,773	85,357,263,719
Accumulated Depreciation and Amortization					
Balances at beginning of year	–	79,651,638	18,699,309,040	–	18,778,960,678
Depreciation and amortization (Notes 22 and 24)	–	15,361,550	2,617,620,670	–	2,632,982,220
Reclassifications and transfers (Note 12)	–	(1,446,013)	(68,796,846)	–	(70,242,859)
Balances at end of year	–	93,567,175	21,248,132,864	–	21,341,700,039
Net Book Value	₱26,956,289,573	₱111,760,363	₱30,950,139,971	₱5,997,373,773	₱64,015,563,680

Investment properties consisted mainly of land held for appreciation, shopping malls/commercial centers and office buildings that are held to earn rentals.

In 2016, the Group transferred ₱113 million worth of investment properties to subdivision land, condominium and residential units for sale for the Group's residential project and in 2015, ₱1,264 million worth of subdivision land, condominium and residential units for sale were transferred to investment properties (see Note 9).

For the year ended September 30, 2016 and 2015, ₱39 million and ₱268 million net cost of investment properties were transferred to property and equipment for use in operations of the Group (see Note 12).

In 2016, the Group transferred ₱110 million worth of other current assets to investment properties.

Depreciation and amortization expense charged to operations amounted to ₱2,982 million, ₱2,633 million and ₱2,309 million for the years ended September 30, 2016, 2015 and 2014, respectively (see Notes 22 and 24).

Borrowing costs capitalized amounted to about ₱447 million and ₱881 million in 2016 and 2015, respectively. These amounts were included in the consolidated statement of cash flows under additions to investment properties. The capitalization rate used to determine the amount of borrowing costs eligible for capitalization in 2016 and 2015 is 4.45% and 4.54%, respectively.

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

The fair value as of September 30, 2016 and 2015 amounted to ₱174,087 million and ₱163,577 million, respectively, which are based on independent third party appraisal reports, dated September 30, 2013 which are updated by the management for 2015 and 2016.

The fair value of the investment properties was arrived at using Income Approach in 2016 and 2015. The income approach, is based on the premise that the value of a property is directly related to the income it generates. This approach converts anticipated future gains to present worth by projecting reasonable income and expenses for the subject property.

The fair value of the investment properties disclosed in the consolidated financial statements is categorized within level 3 of the fair value hierarchy.

Description of valuation techniques used and key inputs to valuation on malls and office buildings included under investment properties as of September 30, 2016 and 2015 follows:

Property	Valuation technique	Significant unobservable inputs	Range (weighted average)
Malls	DCF method	discount rate	10%
		capitalization rate	8.%-9.0%
		growth rate	0.0%-17.0%
		occupancy rate	72.0%-100.0%
Office buildings	DCF method	discount rate	10.0%
		capitalization rate	7.5%
		growth rate	4.0%-10%
		occupancy rate	35.0%-100.0%

The discounted cash flows, or DCF, valuation uses a fundamental approach in valuing the future economic benefits of a projected income stream.

The valuation process significantly consists of the following steps:
- Estimation of the revenues generated;
- Estimation of the costs and expenses related to the operations of the development;
- Estimation of an appropriate discount rate and other significant assumptions; and
- Discounting process using an appropriate discount rate to arrive at an indicative market value

Rental income derived from investment properties amounted to ₱10,556 million, ₱9,288 million, and ₱7,956 million for the years ended September 30, 2016, 2015 and 2014, respectively (see Note 21).

Property operations and maintenance costs arising from investment properties amounted to ₱504 million, ₱395 million and ₱369 million for the years ended September 30, 2016, 2015 and 2014, respectively (see Note 22).

There are no investment properties as of September 30, 2016 and 2015 that are pledged as security to liabilities.

12. Property and Equipment

	2016				
	Land Improvements	**Buildings and Improvements**	**Theater Furniture and Equipment**	**Other Equipment**	**Total**
Cost					
Balances at beginning of year	**₱8,220,371**	**₱4,260,848,850**	**₱723,893,552**	**₱3,081,547,476**	**₱8,074,510,249**
Additions	**200,000**	**665,575,266**	**144,565,696**	**642,645,039**	**1,452,986,001**
Write-off	**–**	**(4,348,378)**	**–**	**(228,635)**	**(4,577,013)**
Reclassifications and transfers (Note 11)	**–**	**49,956,619**	**–**	**39,085,276**	**89,041,895**
Balances at end of year	**8,420,371**	**4,972,032,357**	**868,459,248**	**3,763,049,156**	**9,611,961,132**
Accumulated Depreciation and Amortization					
Balances at beginning of year	**3,840,930**	**1,952,590,849**	**517,930,550**	**2,092,930,504**	**4,567,292,833**
Depreciation and amortization (Notes 22 and 24)	**748,267**	**128,570,480**	**91,403,158**	**368,907,455**	**589,629,360**
Write-off	**–**	**(4,348,378)**	**–**	**(228,635)**	**(4,577,013)**
Balances at end of year	**4,589,197**	**2,076,812,951**	**609,333,708**	**2,461,609,324**	**5,152,345,180**
Net Book Value	**₱3,831,174**	**₱2,895,219,406**	**₱259,125,540**	**₱1,301,439,832**	**₱4,459,615,952**

	2015				
	Land Improvements	Buildings and Improvements	Theater Furniture and Equipment	Other Equipment	Total
Cost					
Balances at beginning of year	₱53,885,505	₱3,717,311,651	₱685,131,531	₱2,651,334,847	₱7,107,663,534
Additions	195,170	120,868,983	38,762,021	475,297,894	635,124,068
Write-off	–	(3,075,110)	–	(3,261,354)	(6,336,464)
Reclassifications and transfers (Note 11)	(45,860,304)	425,743,326	–	(41,823,911)	338,059,111
Balances at end of year	8,220,371	4,260,848,850	723,893,552	3,081,547,476	8,074,510,249
Accumulated Depreciation and Amortization					
Balances at beginning of year	39,410,095	1,703,063,008	437,432,335	1,806,013,210	3,985,918,648
Depreciation and amortization (Notes 22 and 24)	917,290	143,411,805	80,498,215	292,627,730	517,455,040
Write-off	–	(3,075,110)	–	(3,248,604)	(6,323,714)
Reclassifications and transfers (Note 11)	(36,486,455)	109,191,146	–	(2,461,832)	70,242,859
Balances at end of year	3,840,930	1,952,590,849	517,930,550	2,092,930,504	4,567,292,833
Net Book Value	₱4,379,441	₱2,308,258,001	₱205,963,002	₱988,616,972	₱3,507,217,416

In 2016, the Group transferred subdivision land, condominium and residential units for sale to property and equipment amounting ₱50 million (see Note 9).

Depreciation and amortization expense charged to operations amounted to ₱590 million, ₱517 million and ₱423 million for the years ended September 30, 2016, 2015 and 2014, respectively (see Notes 22 and 24).

The following are the costs of property and equipment that are fully depreciated as of September 30, 2016 and 2015 but still used in operations:

	2016	2015
Building and improvements	**₱637,223,766**	₱626,351,142
Other equipment	**232,872,426**	209,849,927
Land improvements	**698,241**	698,241
	₱870,794,433	₱836,899,310

There are no property and equipment items as of September 30, 2016 and 2015 that are pledged as security to liabilities.

13. Other Noncurrent Assets

	2016	2015
Advances to suppliers and contractors	**₱890,750,324**	₱522,140,862
Utility deposits (Notes 31 and 32)	**605,906,349**	502,712,451
Prepaid rent	**432,867,917**	462,689,924
Advances to lot owners (Note 30)	**190,078,577**	190,078,577
Deposit for land use right	**–**	1,441,097,460
Others	**90,586,649**	81,917,868
	₱2,210,189,816	₱3,200,637,142

Advances to suppliers and contractors represent advance payment to suppliers or contractors which will be applied against the final billing.

Utility deposits consist primarily of bid bonds and meter deposits. These are deposits to utility companies in order to continue the availment of their services.

Prepaid rent pertains to advance rentals of the 25-year operating lease agreement between Bases Conversion and Development Authority (BCDA) and ASNC (a wholly-owned subsidiary). The contract is for the long-term and development of approximately 5,000 sqm Lawton Corporate Center along Lawton Avenue, Bonifacio South, Taguig City. Subsequently, the said contract was assigned to the Parent Company through a Deed of Assignment wherein ASNC assigns all its rights, interests, and obligations on the contract of lease with approval of BCDA as provided for under the contract.

Upon the expiration of the initial lease period, the Parent Company has the option to purchase the property or to renew its lease term. Should the Parent Company exercise its option to purchase the property, the purchase price shall be based on the fair market value including the permanent improvements. Otherwise, the ownership of all buildings and permanent improvements constructed by the Parent Company on the property shall automatically be transferred to BCDA.

Therefore, should the Parent Company opt to renew its lease over the property, the new lease rate for the 25-year extension period shall cover the land as well as the buildings and permanent improvements transferred to BCDA. The fixed lease for the initial year of the lease extension period shall be 5% of the average fair market value of the property on the 25th year of the lease including the permanent improvements constructed therein.

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

Deposit for land use right pertains to bid deposit advanced for the acquisition of land use right of a property located in Chengdu Province, China. This was reclassified as part of subdivision land, condominium and residential units for sale upon submission of the masterplan to the Chinese government last May 2016 (see Note 9).

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

14. Accounts Payable and Accrued Expenses

	2016	2015
Accounts payable	**₱5,124,929,438**	₱3,301,667,947
Taxes and licenses payable	**1,321,403,186**	1,276,679,664
Accrued rent expense	**486,325,948**	402,160,439
Accrued salaries and wages	**401,022,053**	378,885,631
Accrued interest payable	**226,507,209**	172,103,848
Accrued contracted services	**198,696,863**	199,867,305
Dividends payable	**15,300,785**	14,149,049
Other accrued payable	**161,807,699**	159,228,366
	₱7,935,993,181	₱5,904,742,249

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

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

Accrued rent expense represents accrual for film rentals.

Other accrued payable includes insurance payable and accrued utilities.

15. Deposits and Other Current Liabilities

	2016	2015
Deposits from lessees (Notes 17, 31 and 32)	**₱1,718,651,535**	₱1,674,062,682
Deposits from real estate buyers (Note 17)	**2,400,490,000**	1,336,361,420
Payables to affiliated companies (Notes 20, 31 and 32)	**130,906,253**	115,024,457
Others	**172,851,707**	185,410,000
	₱4,422,899,495	₱3,310,858,559

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 "others" under cost of rental services, amounted to ₱67 million, ₱64 million and ₱78 million in 2016, 2015 and 2014, respectively (see Notes 22 and 26).

Included in the 'Deposit from lessees' are unearned rental income amounting to ₱281 million and ₱249 million as of September 30, 2016 and 2015, respectively. The rental income on amortization of unearned rental income included in "Rental income" amounted to ₱67 million, ₱63 million and ₱77 million in 2016, 2015 and 2014, respectively.

Deposits from real estate buyers (including noncurrent portion shown in Note 17) represent cash received in advance which shall be applied against the total contract price as soon as the contractual obligation of the real estate buyer has begun.

Deposits from real estate buyers also include cash collections in excess of the installment contract receivables recognized under the percentage-of-completion method.

For the nature, terms and conditions of the payables to affiliated companies please refer to Note 20 to the consolidated financial statements.

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

16. Loans Payable

Short-term loans

	2016	2015
Short-term loan obtained from a local bank with maturity on March 2017. Interest rate is at 2.45% per annum payable monthly.	**₱3,000,000,000**	₱–
Short-term loan obtained from a local bank with maturity on November 2016. Interest rate is at 2.5% per annum payable monthly.	**764,500,000**	–
Short-term loan obtained from a local bank with maturity on October 2016. Interest rate is at 2.5% per annum payable monthly.	**274,600,000**	–
Short-term loan obtained from a local bank which matured on October 2015. Interest rate is at 2.5% per annum.	**–**	1,607,800,000
Short-term loan obtained from a local bank which matured on October 2015. Interest rate is at 1.85% per annum.	**–**	1,441,097,460
	₱4,039,100,000	₱3,048,897,460

Long-term loans

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

	2016	2015
Seven-year bonds from Banco de Oro (BDO), Hongkong Shanghai Banking Corporation (HSBC), SB Capital Investment Corporation (SB Capital), Standard Chartered Bank (Standard Chartered), Development Bank of the Philippines (DBP), and East West Banking Corporation (East West) maturing on February 23, 2022. Principal payable upon maturity, with fixed rate at 4.8%, interest payable semi-annually in arrears.	**₱10,635,500,000**	₱10,635,500,000
Five-year term loan from BDO Unibank, Inc. maturing on July 14, 2019. Principal payable in full upon maturity, with interest fixed rate at 5.0438%, payable quarterly.	**9,000,000,000**	9,000,000,000
Five-year term loan from BDO Unibank, Inc. maturing on July 8, 2021. Principal payable in full upon maturity, with interest fixed rate at 3.8327%, payable quarterly	**6,500,000,000**	–
Seven-year term loan from BPI maturing on August 10, 2023. Principal payable in full upon maturity, with interest fixed rate at 3.8900%, payable quarterly	**5,000,000,000**	–
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 Leasing & Finance, Inc. maturing on July 14, 2019. Principal payable in full upon maturity, with interest fixed rate at 5.0438%, payable quarterly	**1,000,000,000**	1,000,000,000
Total	**33,500,000,000**	22,000,000,000
Less debt issue costs	**194,594,396**	166,943,461
	₱33,305,405,604	₱21,833,056,539

The Group's loans payable are all unsecured. The credit facility is fully drawn as of September 30, 2016 and 2015.

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

Total interest cost expensed out from short-term and long-term loans amounted to ₱572 million, ₱5 million and nil for the years ended September 30, 2016, 2015 and 2014, respectively (see Note 26). Capitalized borrowing cost amounted to ₱823 million and ₱947 million for the years ended September 30, 2016 and 2015 (see Notes 9 and 11).

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 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 fiscal year end September 30 and consolidated interim financial statements as at March 31. The Group has complied with the debt covenant as of September 30, 2015 and 2016.

Five-year term loan from BDO Unibank, Inc. maturing on July 14, 2019
On July 8, 2014, the Group borrowed ₱9,000 million under Term Loan Facility Agreements with BDO Unibank, Inc.

The ₱9,000 million loan was released in two tranches amounting to ₱5,000 million and ₱4,000 million on July 14, 2014 and August 27, 2014, respectively. The interest rate is at 5.0438% 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.

On October 17, 2016, the Group pre-terminated the outstanding balance of the loan (Note 36).

Debt Covenants
The Group is required to maintain a debt to equity ratio not exceeding 2:1. The Group has complied with the debt covenant as of September 30, 2015 and 2016.

Five-year term loan from BDO Unibank, Inc. maturing on July 8, 2021
On July 8, 2016, the Group borrowed ₱6,500 million under Term Loan Facility Agreements with BDO Unibank, Inc.

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

Debt Covenants
The Group is required to maintain a debt to equity ratio not exceeding 2:1. The Group has complied with the debt covenant as of September 30, 2016.

Seven-year term loan from Bank of the Philippine Islands maturing on August 10, 2023
On August 10, 2016, the Group borrowed ₱5,000 million under Term Loan Facility Agreements with Bank of the Philippine Islands.

The ₱5,000 million loan was released on August 10, 2016 with interest rate at 3.8900% per annum and shall be payable quarterly, computed on the basis of a 360-day year and on the actual number of days elapsed.

Debt Covenants
The Group is required to maintain a debt to equity ratio not exceeding 2:1. The Group has complied with the debt covenant as of September 30, 2015 and 2016.

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 September 30, 2015 and 2016.

Five-year term loan from BDO Leasing & Finance, Inc. maturing on July 14, 2019
On July 8, 2014, the Group borrowed ₱1,000 million under Term Loan Facility Agreements with BDO Leasing and Finance, Inc.

The ₱1,000 million loan was released on July 14, 2014 with interest rate at 5.0438% per annum and shall be payable quarterly, computed on the basis of a year of 365 calendar days for the actual number of days elapsed.

Debt Covenants
The Group is required to maintain a debt to equity ratio not exceeding 2:1. The Group has complied with the debt covenant as of September 30, 2015 and 2016.

On October 17, 2016, the Group pre-terminated the outstanding balance of the loan (Note 36).

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

Long-term loans

	Within 1 year	1-2 years	2-3 years	3-4 years	4-10 years	Total
2016	**₱–**	**₱–**	**₱10,000,000,000**	**₱–**	**₱23,500,000,000**	**₱33,500,000,000**
2015	₱–	₱–	₱–	₱10,000,000,000	₱12,000,000,000	₱22,000,000,000

17. **Deposits and Other Noncurrent Liabilities**

	2016	2015
Deposits from lessees - net of current portion (Notes 15, 31 and 32)	**₱2,195,680,739**	₱1,896,140,054
Accrued rent expense	**1,550,499,621**	1,445,148,519
Retention payable	**494,536,017**	604,177,174
Deposits from real estate buyers - net of current portion (Note 15)	**387,023,726**	483,893,906
Pension liabilities (Note 29)	**327,607,656**	252,763,973
Advances for marketing and promotional fund	**178,772,002**	182,483,120
Others	**276,139,122**	279,731,680
	₱5,410,258,883	₱5,144,338,426

Accrued rent expense represents the portion of the lease as a consequence of recognizing expense on a straight-line basis. These pertain to various lease of land entered by the Group where the malls are located.

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

Deposits from real estate buyers represent cash received in advance which shall be applied against the total contract price as soon as the contractual obligation of the real estate buyer has begun. The deposits from real estate buyers which are expected to be applied to the contract price within one year are classified as current.

Others include payable to the noncontrolling interests of the Parent Company's subsidiaries.

18. **Retained Earnings**

The declarable dividend of Parent Company amounted to ₱21,527 million and ₱16,031 million as of September 30, 2016 and 2015, respectively.

Restriction
A portion of the unappropriated retained earnings representing the undistributed net earnings of subsidiaries amounting ₱1,157 million and ₱977 million as of September 30, 2016 and 2015, respectively, are not available for dividend declaration by the Parent Company until received in the form of dividends.

Retained earnings are further restricted for payment of dividends to the extent of the cost of shares held in treasury.

Dividends declared
The BOD declared cash dividends in favor of all its stockholders as follows:

	2016	2015	2014
Date of declaration	**March 9, 2016**	April 29, 2015	May 12, 2014
Date of payment	**April 22, 2016**	June 9, 2015	June 25, 2014
Ex-dividend rate	**March 29, 2016**	May 14, 2015	May 29, 2014
Dividend per share	**₱0.36**	₱0.36	₱0.36
Total dividends	**₱1,473,779,046**	₱1,473,779,046	₱1,473,779,046

Appropriation
On September 27, 2016, the BOD approved the reversal of the retained earnings it appropriated in 2015 amounting to ₱17,000 million as the related projects to which the retained earnings were earmarked were completed already. The amount was originally earmarked for the continuing capital expenditures of the Group for subdivision land, condominium and residential units for sale, investment properties and property and equipment.

On the same date, the BOD also approved the appropriation of ₱16,000 million, out of the unappropriated retained earnings, to support the capital expenditure requirements of the Group for various projects approved by the Executive Committee during meetings held in September 2016. These projects and acquisitions are expected to be completed in various dates in FY 2017 to FY 2021.

On September 10, 2015, the BOD approved the reversal of the retained earnings it has appropriated in 2014 amounting to ₱17,000 million as the related projects to which the retained earnings were earmarked were completed already. The amount was originally earmarked for the continuing capital expenditures of the Group for subdivision land, condominium and residential units for sale, investment properties and property and equipment.

On the same date, the BOD also approved the appropriation of ₱17,000 million, out of the unappropriated retained earnings, to support the capital expenditure requirements of the Group for various projects approved by the Executive Committee during meetings held in September 2015. These projects and acquisitions are expected to be completed in various dates in FY 2016 to FY 2018.

On September 18, 2014, the BOD approved the reversal of the retained earnings it has appropriated in 2013 amounting to ₱11,200 million as the related projects to which the retained earnings were earmarked were completed already. The amount was originally earmarked for the continuing capital expenditures of the Group for subdivision land, condominium and residential units for sale, investment properties and property and equipment.

On the same date, the BOD also approved the appropriation of ₱17,000 million, out of the unappropriated retained earnings, to support the capital expenditure requirements of the Group for various projects approved by the Executive Committee during meetings held in September 2014. These projects and acquisitions are expected to be completed in various dates in FY 2015 to FY 2017.

19. Capital Stock and Other Equity Reserve

The details of the number of common shares and the movements thereon follow:

	2016	2015	2014
Authorized - at ₱1 par value	**8,200,000,000**	8,200,000,000	8,200,000,000
Exclusive of 17,698,000 treasury shares:			
At beginning of the period	**4,093,830,685**	4,093,830,685	4,093,830,685
Additional subscription	**–**	–	–
Issued, fully paid and outstanding	**4,093,830,685**	4,093,830,685	4,093,830,685

Below is the summary of the Parent Company's track record of registration of securities with the SEC as of September 30, 2016:

	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 (deduct):				
1:1 stock rights offering	500,000,000	₱2.50/share	March 15, 1991	
20% stock dividend	200,000,000	₱1.00/share	June 16, 1993	
1:2 stock rights offering	600,000,000	₱2.50/share	March 21, 1995	
Exchange for shares of JGSHI in MMHLC and in RII	496,918,457		April 3, 1997	
1:2 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	
October 1, 2014	4,111,528,685			1,118
Add (deduct) movement	–			(19)
October 1, 2015	4,111,528,685			1,099
Add (deduct) movement	–			(13)
September 30, 2016	4,111,528,685			1,086

JGSHI - JG Summit Holdings, Inc.
MMHLC - Manila Midtown Hotels and Land Corporation
RII - Robinson's Inn Inc.
Note: Inclusive of 17,698,000 treasury shares

Treasury Shares
On October 22, 2009, the Parent Company's BOD approved the creation and implementation of a share buy-back program allotting up to ₱1,000 million to reacquire a portion of the Parent Company's issued and outstanding common shares, representing approximately 3.1% of current market capitalization.

As of September 30, 2016, the Parent Company has a total of 17,698,000 treasury shares with a total purchase price of ₱222 million at an average price of ₱12.53 per share.

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

The Group monitors its use of capital structure using a debt-to-capital ratio which is gross debt divided by total equity. The Group includes within gross debt all interest-bearing loans and borrowings, while capital represents total equity. Following is a computation of the Group's debt-to-capital ratio as of September 30, 2016 and 2015.

	2016	2015
(a) Loans payable (Note 16)	**₱37,539,100,000**	₱25,048,897,460
(b) Capital	**₱61,342,712,563**	₱56,660,206,908
(c) Debt-to-capital ratio (a/b)	**0.61:1**	0.44:1

The Group's policy is to limit the debt-to-capital ratio at the 1.5:1 level. This policy is consistent with the requirements under the Group's debt covenants with lenders.

Other Equity Reserve
On March 6, 2013, the Parent Company acquired the remaining 20% non-controlling interest in Altus San Nicolas Corp. (ASNC), 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 ASNC 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 ₱87 million between the consideration and the carrying value of the interest acquired was booked in "Other equity reserve" account within equity.

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.

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

	2016			
	Amount/ Volume	**Receivable (Payable)**	**Terms**	**Conditions**
Ultimate Parent Company				
a) Rental income/receivable	**₱30,612,449**	**₱180,655**	Three to five year lease terms at prevailing market lease rates; renewable at the end of lease term	Unsecured; no impairment
b) Advances to	**(42,303,401)**	–	Interest bearing; due and demandable; interest rates ranging from 2% to 4%	Unsecured; no impairment
b) Advances from	**(24,972,174)**	**(103,633,960)**	Non-interest bearing; due and demandable	Unsecured
Under common control				
c) Cash and cash equivalents				
• Cash in banks	**(₱430,161,909)**	**₱14,617,510**	Interest bearing at prevailing market rate; at 1.00% to 1.13% per annum due and demandable	Unsecured; no impairment
• Short-term investments	**90,130,103**	**90,130,103**	Interest bearing at prevailing market rate; at 3.75% to 4.25% per annum due and demandable	Unsecured; no impairment
• Interest income	**7,241,074**	**12,045**		
a) Rental income/receivable	**2,150,650,400**	**137,005,861**	Three to five year lease terms at prevailing market lease rate; renewable at the end of lease term	Unsecured; no impairment
b) Advances to	**(4,916,656)**	**17,561,348**	Non-interest bearing; due and demandable	Unsecured; no impairment
b) Advances from	**(1,449,431)**	**(27,272,293)**	Non-interest bearing; due and demandable	Unsecured
		₱128,601,269		

	2015			
	Amount/ Volume	Receivable (Payable)	Terms	Conditions
Ultimate Parent Company				
a) Rental income/receivable	₱27,966,294	₱1,060,210	Three to five year lease terms at prevailing market lease rates; renewable at the end of lease term	Unsecured; no impairment
b) Advances to	(4,210,071)	42,303,401	Interest bearing; due and demandable; interest rates ranging from 2% to 4%	Unsecured; no impairment
• Interest income	499,688	–		
b) Advances from	27,685,692	(128,606,134)	Non-interest bearing; due and demandable	Unsecured
Under common control				
c) Cash and cash equivalents				
• Cash in banks	₱147,514,187	₱444,779,419	Interest bearing at prevailing market rate; at 1.00% to 1.13% per annum due and demandable	Unsecured; no impairment

(Forward)

	2015			
	Amount/ Volume	Receivable (Payable)	Terms	Conditions
• Short-term investments	₱6,921,403	₱6,921,403	Interest bearing at prevailing market rate; at 3.75% to 4.25% per annum due and demandable	Unsecured; no impairment
• Interest income	10,175,922	60,573		
a) Rental income/receivable	1,848,936,633	101,858,191	Three to five year lease terms at prevailing market lease rate; renewable at the end of lease term	Unsecured; no impairment
b) Advances to	815,502	22,478,004	Non-interest bearing; due and demandable	Unsecured; no impairment
b) Advances from	(11,030,631)	(28,721,724)	Non-interest bearing; due and demandable	Unsecured
		₱702,133,343		

Outstanding balances consist of the following:

	2016	2015
Cash and cash equivalents (Note 7)	**₱104,747,613**	₱691,700,822
Rental receivables (Note 8)	**137,198,561**	102,978,974
Receivable from affiliated companies (Note 8)	**17,561,348**	22,478,004
Payable to affiliated companies (Note 15)	**(130,906,253)**	(115,024,457)
	₱128,601,269	₱702,133,343

Significant transactions with related parties are as follows:

a) Rental income
The Group leases commercial properties to affiliated companies with a lease term of three to five years based on prevailing market lease rates.

b) Advances to (from) affiliated companies
The Group, in the normal course of business, has transactions with its major stockholders, Ultimate Parent Company and its affiliated companies consisting principally of lease arrangements and advances principally for working capital requirement and financing for real estate development.

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

Compensation of key management personnel by benefit type follows:

	2016	2015	2014
Short-term employee benefits	**₱893,618,174**	₱826,216,672	₱738,018,843
Post-employment benefits	**43,859,770**	39,944,452	34,833,887
	₱937,477,944	₱866,161,124	₱772,852,730

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

21. Revenue

	2016	2015	2014
Real Estate Operations			
Rental income (Notes 20 and 34)	**₱10,556,125,587**	₱9,287,978,214	₱7,956,129,097
Real estate sale	**7,193,970,995**	6,313,458,917	5,646,638,459
Amusement income	**1,694,021,661**	1,531,671,101	1,259,795,201
Others	**1,259,845,366**	835,331,229	651,412,090
	20,703,963,609	17,968,439,461	15,513,974,847
Hotel Operations			
Rooms	**1,155,513,678**	1,110,703,894	959,133,430
Food and beverage	**605,142,982**	590,482,756	536,740,915
Others	**46,941,932**	44,663,025	37,874,048
	1,807,598,592	1,745,849,675	1,533,748,393
	₱22,511,562,201	₱19,714,289,136	₱17,047,723,240

Real estate sales include interest income from installment contract receivable amounting to ₱308 million, ₱541 million and ₱499 million in 2016, 2015 and 2014, respectively (Note 26).

Other revenue under real estate operations are receipts of penalties from real estate buyers and tenants, forfeitures of payments from sales cancellations and reservations and receipts of association dues.

Other revenue under hotel operations includes transport, laundry, valet and other services.

22. Costs

	2016	2015	2014
Real Estate Operations			
Cost of Rental Services			
Depreciation and amortization (Note 24)	**₱3,401,913,954**	₱2,984,798,999	₱2,565,368,005
Property operations and maintenance costs (Note 11)	**504,336,451**	395,403,541	369,495,071
Accretion of security deposit (Notes 15 and 26)	**66,820,441**	63,905,363	78,279,804
	3,973,070,846	3,444,107,903	3,013,142,880
Cost of Real Estate Sales (Note 9)	**3,982,243,972**	3,207,254,788	3,071,340,402
Cost of Amusement Services			
Film rentals expense	**764,711,495**	694,919,851	575,239,755
Others			
Contracted services	**177,015,756**	131,564,699	129,066,976
Others	**442,935,438**	357,459,117	274,077,904
	619,951,194	489,023,816	403,144,880
	9,339,977,507	7,835,306,358	7,062,867,917
Hotel Operations			
Cost of room services			
Property operations and maintenance costs	**195,381,543**	206,005,707	195,399,258
Depreciation and amortization (Note 24)	**169,358,044**	165,638,261	166,604,688
	364,739,587	371,643,968	362,003,946

(Forward)

	2016	2015	2014
Cost of food and beverage	**₱348,427,973**	₱206,081,289	₱194,969,736
Others			
Salaries and wages (Note 25)	**186,966,096**	181,077,744	174,781,984
Contracted services	**141,404,383**	103,325,053	108,079,136
Management fee	**64,807,264**	125,473,656	94,822,595
Supplies	**53,473,803**	48,714,688	42,256,119
Commission	**37,475,779**	35,255,649	25,376,851
Others	**119,574,744**	221,000,644	171,803,936
	603,702,069	714,847,434	617,120,621
	1,316,869,629	1,292,572,691	1,174,094,303
	₱10,656,847,136	₱9,127,879,049	₱8,236,962,220

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

23. General and Administrative Expenses

	2016	2015	2014
Salaries and wages (Notes 20, 25 and 29)	**₱750,511,848**	₱685,083,380	₱598,070,746
Commission	**612,492,978**	654,758,492	454,056,685
Advertising and promotions	**657,442,372**	617,459,442	560,643,583
Taxes and licenses	**633,092,857**	468,386,432	427,647,099
Rent (Note 34)	**179,966,892**	198,934,210	152,181,973
Insurance	**129,602,624**	98,607,073	97,024,210
Supplies	**131,166,417**	89,821,085	73,944,512
Light, water and communication	**110,359,156**	87,155,959	90,166,983
Travel and transportation	**61,654,134**	42,825,040	47,989,393
Association dues	**68,893,800**	24,446,708	16,551,281
Entertainment, amusement and recreation	**14,173,544**	16,081,033	28,938,181
Donation	**–**	9,037,857	–
Others	**53,362,967**	57,582,025	25,260,083
	₱3,402,719,589	₱3,050,178,736	₱2,572,474,729

24. Depreciation and Amortization

	2016	2015	2014
Real estate (Notes 11, 12 and 22)	**₱3,401,913,954**	₱2,984,798,999	₱2,565,368,005
Hotel operations (Notes 11, 12 and 22)	**169,358,044**	165,638,261	166,604,688
	₱3,571,271,998	₱3,150,437,260	₱2,731,972,693

25. Personnel Expenses

Personnel expenses consist of (see Notes 22 and 23):

	2016	2015	2014
Salaries, wages and other staff costs	**₱849,535,817**	₱777,428,556	₱688,104,561
Pension expense (Note 29)	**43,859,770**	39,944,452	34,833,887
SSS contributions, PAG-IBIG contributions, premiums and others	**44,082,357**	48,788,116	49,914,282
	₱937,477,944	₱866,161,124	₱772,852,730

The above amounts are distributed as follows:

	2016	2015	2014
General and administrative (Note 23)	**₱750,511,848**	₱685,083,380	₱598,070,746
Hotel operations (Note 22)	**186,966,096**	181,077,744	174,781,984
	₱937,477,944	₱866,161,124	₱772,852,730

26. Other Income (Losses)

Interest income consists of

	2016	2015	2014
Interest income			
Bank deposits (Note 7)	**₱18,075,015**	₱38,847,341	₱13,942,294
Receivable from affiliated companies (Note 20)	**–**	499,688	692,337
	18,075,015	39,347,029	14,634,631
Interest income from installment contract receivable - recognized under real estate sales (Note 21)	**308,287,941**	541,408,593	499,324,875
	₱326,362,956	₱580,755,622	₱513,959,506

Interest expense consists of (see Notes 15 and 16):

	2016	2015	2014
Loans payable	**₱571,626,129**	₱5,288,926	₱–
Accretion on security deposits - recognized under cost of rental services (Notes 15 and 22)	**66,820,441**	63,905,363	78,279,804
	₱638,446,570	₱69,194,289	₱78,279,804

Capitalized borrowing costs in 2016 and 2015 are discussed in Notes 9 and 11.

In 2014, the Group recognized losses of ₱324 million due to property damages to its investment properties and property and equipment brought about by typhoons Yolanda and Glenda and the Galleria Mall fire loss. The Group recorded a gain for the same amount for the claims from insurance companies for such losses. The gains and losses were netted off for presentation purposes in the 2014 consolidated statement of comprehensive income.

In 2016, the Group recorded additional ₱209 million gain from insurance claims due to receipt of final insurance settlement for the typhoon Yolanda and other minor insurance claims.

27. Income Tax

The Group's provision for income tax includes the regular corporate income tax (RCIT), minimum corporate income tax (MCIT) and final tax paid at the rate of 20% for peso deposits and 7.50% for foreign currency deposits which are final withholding tax on gross interest income. Details follow:

	2016	2015	2014
Current			
RCIT	**₱1,597,959,378**	₱1,518,040,447	₱998,494,220
Final tax	**2,132,358**	6,016,575	1,507,346
MCIT	**179,419**	240,500	207,883
	1,600,271,155	1,524,297,522	1,000,209,449
Deferred	**433,375,874**	363,216,967	521,263,644
	₱2,033,647,029	₱1,887,514,489	₱1,521,473,093

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

	2016	2015	2014
Statutory income tax rate	**30.00%**	30.00%	30.00%
Reductions in income tax resulting from:			
Interest income subjected to final tax	**(0.01)**	(0.03)	(0.01)
Tax exempt real estate sales	**(0.13)**	(0.85)	(1.07)
Income subjected to BOI, PEZA and lower tax	**(5.02)**	(4.24)	(4.59)
Effective income tax rate	**24.84%**	24.88%	24.33%

Deferred taxes as of September 30, 2016 and 2015 relate to the tax effects of the following:

	2016	2015
Deferred tax assets:		
Accrued rent expense	**₱478,167,744**	₱454,745,268
Accrued interest expense	**197,553,203**	177,772,488
Accrued retirement payable	**98,282,297**	68,166,670
Allowance for impairment loss	**14,302,980**	13,812,665
MCIT	**2,168,956**	1,111,424
	790,475,180	715,608,515
Deferred tax liabilities:		
Unamortized capitalized interest expense	**(1,676,953,415)**	(1,419,649,598)
Excess of real estate revenue based on percentage-of-completion over real estate revenue based on tax rules	**(1,389,360,756)**	(1,244,499,193)
Accrued rent income	**(267,780,830)**	(187,282,004)
Unamortized debt issuance cost	**(61,143,910)**	(52,848,629)
Prepaid rent (Note 13)	**(147,569,124)**	(147,569,124)
	(3,542,808,035)	(3,051,848,548)
Net deferred tax liabilities	**(₱2,752,332,855)**	(₱2,336,240,033)

Provision for deferred tax relating to remeasurements of defined benefit liability recognized directly in equity amounted to ₱17 million, ₱1 million and ₱2 million, in 2016, 2015 and 2014 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 ₱4 million and ₱3 million in 2016 and 2015, respectively. The deferred tax assets of the above deductible temporary differences for which no deferred tax assets have been recognized amounted to ₱1 million as of September 30, 2016 and 2015.

The carryforward benefits of NOLCO, which can be claimed as a deduction by the Group against future taxable income for the next three (3) years from the year of incurrence, are as follows:

Period of recognition	Amount	Period of expiration
NOLCO		
September 30, 2016	₱1,796,845	September 30, 2019
September 30, 2015	899,847	September 30, 2018
September 30, 2014	1,012,159	September 30, 2017
	₱3,708,851	

Period of recognition	Amount	Period of expiration
MCIT		
September 30, 2016	₱–	September 30, 2019
September 30, 2015	797,791	September 30, 2018
September 30, 2014	207,883	September 30, 2017
	₱1,005,674	

28. Basic/Diluted Earnings Per Share

Earnings per share amounts were computed as follows:

	2016	2015	2014
a. Net income attributable to equity holders of Parent Company	**₱6,154,532,055**	₱5,699,709,532	₱4,737,013,328
b. Weighted average number of common shares outstanding adjusted	**4,093,830,685**	4,093,830,685	4,093,830,685
c. Earnings per share (a/b)	**₱1.50**	₱1.39	₱1.16

There were no potential dilutive shares in 2016, 2015 and 2014.

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 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:

	2016	2015	2014
Service cost	**₱32,296,274**	₱29,575,052	₱28,555,085
Net interest cost	**11,563,496**	10,369,400	6,278,802
Pension expense	**₱43,859,770**	₱39,944,452	₱34,833,887

There are no plan amendments, curtailments or settlements for the period ended September 30, 2016 and 2015.

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

	2016	2015
Present value of defined benefit obligation	**₱479,132,556**	₱381,649,653
Fair value of plan assets	**(151,524,900)**	(128,885,680)
Pension liabilities	**₱327,607,656**	₱252,763,973

Changes in net defined benefit liability of funded funds in 2016 and 2015 follow:

	2016		
	Present value of defined benefit obligation	**Fair value of plan assets**	**Net defined benefit liability/(asset)**
Balance at beginning of year	**₱381,649,653**	**₱128,885,680**	**₱252,763,973**
Net benefit cost in consolidated statement of comprehensive income:			
Current service cost	**32,296,274**	**–**	**32,296,274**
Net interest cost	**16,143,767**	**4,580,271**	**11,563,496**
Subtotal	**48,440,041**	**4,580,271**	**43,859,770**
Benefits paid	**(2,780,549)**	**(2,780,549)**	**–**
Remeasurements in other comprehensive income:			
Return on plan assets	**–**	**(5,786,763)**	**5,786,763**
Actuarial changes arising from experience adjustments	**39,581,241**	**–**	**39,581,241**
Actuarial changes arising from changes in financial/demographic assumptions	**12,242,170**	**–**	**12,242,170**
Subtotal	**51,823,411**	**(5,786,763)**	**57,610,174**
Contributions paid	**–**	**26,626,261**	**(26,626,261)**
Balance at end of year	**₱479,132,556**	**₱151,524,900**	**₱327,607,656**

	2015		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability/(asset)
Balance at beginning of year	₱347,007,878	₱133,688,461	₱213,319,417
Net benefit cost in consolidated statement of comprehensive income:			
Current service cost	29,575,052	–	29,575,052
Net interest cost	16,920,653	6,551,253	10,369,400
Subtotal	46,495,705	6,551,253	39,944,452
Benefits paid	(5,466,485)	(5,466,485)	–
Remeasurements in other comprehensive income:			
Return on plan assets	–	(10,351,295)	10,351,295
Actuarial changes arising from experience adjustments	2,295,791	–	2,295,791
Actuarial changes arising from changes in financial/demographic assumptions	(8,683,236)	–	(8,683,236)
Subtotal	(6,387,445)	(10,351,295)	3,963,850
Contributions paid	–	4,463,746	(4,463,746)
Balance at end of year	₱381,649,653	₱128,885,680	₱252,763,973

The major categories and corresponding fair values of plan assets by class of the Group's Plan as at the end of each reporting period are as follow:

	2016	2015
Cash and cash equivalents		
Special deposit account	**₱82,798,266**	₱40,217,000
Savings deposit account	**26,628,261**	1,431
Other securities	**1,669,001**	–
	111,095,528	40,218,431
Investment in debt instruments		
Fixed rate bonds	**20,670,200**	20,670,165
Other debt instruments	**8,062,357**	9,307,876
	28,732,557	29,978,041
Accrued interest receivable	**274,773**	276,522
Other assets	**11,431,497**	58,418,584
Accrued trust and management fee payable	**(9,456)**	(5,899)
	₱151,524,899	₱128,885,679

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 September 30, 2016, 2015 and 2014.

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 ₱42 million to the defined benefit pension plans in 2016.

The average duration of the defined benefit obligation of the Group as of September 30, 2016 and 2015 is 15 years.

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

	2016	2015	2014
Discount rate	**3.93% to 4.85%**	4.65%	4.52% to 5.02%
Rate of salary increase	**5.00%**	5.00%	5.50%

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 September 30, 2015, assuming if all other assumptions were held constant. The balances below show the addition/reduction in pension obligation assuming assumptions are changed:

		Increase (decrease) on pension liabilities	
		2016	2015
Discount rates	+1.00%	**(₱41,523,152)**	(₱29,238,214)
	-1.00%	**48,094,773**	33,636,983
Salary increase rates	+1.00%	**₱44,969,563**	₱32,053,384
	-1.00%	**(39,848,946)**	(28,504,312)

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

	2016	2015
Less than 1 year	**₱19,106,049**	₱65,053,009
More than 1 years to 5 years	**105,208,719**	102,498,063
More than 5 years to 10 years	**276,911,978**	233,462,634
More than 10 years to 15 years	**409,155,857**	341,431,675
More than 15 years to 20 years	**308,379,053**	264,126,374
More than 20 years	**379,998,070**	281,247,087

30. **Interest in 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 sharing in the proceeds of sale of 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.

Interest in joint projects with 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 Harbour Land Realty and Development Corp (HLRD) and Federal Land, Inc. (FLI) to develop a project called Axis Residences located along Pioneer Street in Mandaluyong City. The construction of the planned 2-phase residential condominium has commenced in March 2012. One tower of first phase was completed on September 2015.

The agreed contributions of the parties follow:
a. The Parent Company: Road lot valued at ₱89 million and development costs amounting ₱1,390 million
b. FLI: Development costs amounting ₱739 million
c. HLRD, 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%.

31. **Financial Risk Management Objectives and Policies**

The Group's principal financial instruments, comprise of loans payable, receivables from affiliated companies, payables to affiliated companies, 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, credit risk and equity price 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:

	September 30			
	2016		2015	
Assets				
Cash and cash equivalents	**$8,749,344**	**₱422,243,318**	$452,009	₱21,212,782
Liabilities				
Accounts payable and accrued expenses	**482,830**	**23,301,362**	100,410	4,712,251
Net foreign currency-denominated assets	**$8,266,514**	**₱398,941,956**	$351,599	₱16,500,531

The exchange rates used to translate the Group's USD-denominated assets and liabilities as of September 30, 2016 and 2015 follow:

	2016	2015
US Dollar - Philippine Peso exchange rate	**₱48.26 to US$1.00**	₱46.93 to US$1.00

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 September 30, 2016 and 2015.

Reasonably Possible Changes in USD-PHP Exchange Rates	Change in Income Before Income Tax
2016	
2.0% PHP appreciation	**(₱7,978,839)**
2.0% PHP depreciation	**7,978,839**
2015	
2.0% PHP appreciation	(₱330,011)
2.0% PHP depreciation	330,011

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 September 30, 2016 and 2015, 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.

	2016					
	On Demand	**1 to 3 months**	**4 to 12 months**	**More than 1 year but less than 5 years**	**5 years or more**	**Total**
Loans and receivables						
Cash and cash equivalents	**₱771,028,252**	**₱378,136,696**	**₱–**	**₱–**	**₱–**	**₱1,149,164,948**
Receivables						
Trade	**1,368,466,546**	**3,866,948,613**	**1,544,880,136**	**2,621,306,870**	**346,766,666**	**9,748,368,831**
Affiliated companies	**17,561,348**	**–**	**–**	**–**	**–**	**17,561,348**
Others	**111,421,396**	**92,632,199**	**52,093,420**	**–**	**–**	**256,147,015**
Other assets						
Utility deposits	**7,110,072**	**–**	**21,511**	**228,725,915**	**377,180,434**	**613,037,932**
Total financial assets	**₱2,275,587,614**	**₱4,337,717,508**	**₱1,596,995,067**	**₱2,850,032,785**	**₱723,947,100**	**₱11,784,280,074**
Accounts payable and accrued expenses	**₱3,071,131,460**	**₱1,636,068,790**	**₱1,907,389,745**	**₱513,744,721**	**₱1,858,898,573**	**₱8,987,233,289**
Payables to affiliated companies and others (included under Deposits and other liabilities account in the consolidated statement of financial position)	**303,757,960**	**–**	**–**	**–**	**–**	**303,757,960**
Deposits from lessees	**538,962,786**	**248,933,765**	**930,754,984**	**1,479,631,683**	**716,049,056**	**3,914,332,274**
Loans payable and future interest payment	**–**	**947,362,060**	**3,964,256,805**	**30,926,208,834**	**17,566,362,434**	**53,404,190,133**
Other financial liabilities	**₱3,913,852,206**	**₱2,832,364,615**	**₱6,802,401,534**	**₱32,919,585,238**	**₱20,141,310,063**	**₱66,609,513,656**

	2015					
	On Demand	1 to 3 months	4 to 12 months	More than 1 year but less than 5 years	5 years or more	Total
Loans and receivables						
Cash and cash equivalents	₱597,003,967	₱595,950,051	₱–	₱–	₱–	₱1,192,954,018
Receivables						
Trade	1,941,764,066	1,165,344,666	1,499,486,794	2,505,606,809	203,327,950	7,315,530,285
Affiliated companies	22,478,004	–	–	–	–	22,478,004
Others	108,848,656	75,382,619	207,662,006	–	–	391,893,281
Other assets						
Utility deposits	5,106,072	280,000	–	223,668,117	279,044,334	508,098,523
Total financial assets	₱2,675,200,765	₱1,836,957,336	₱1,707,148,800	₱2,729,274,926	₱482,372,284	₱9,430,954,111
Accounts payable and accrued expenses	₱2,259,011,204	₱968,893,098	₱1,400,158,283	₱1,196,166,177	₱1,105,923,489	₱6,930,152,251
Payables to affiliated companies and others (included under Deposits and other liabilities account in the consolidated statement of financial position)	300,434,457	–	–	–	–	300,434,457
Deposits from lessees	931,792,342	250,042,502	492,227,838	1,251,180,756	644,959,298	3,570,202,736
Loans payable and future interest payment	–	504,117,126	2,648,998,736	19,852,867,092	13,002,463,300	36,008,446,254
Other financial liabilities	₱3,491,238,003	₱1,723,052,726	₱4,541,384,857	₱22,300,214,025	₱14,753,346,087	₱46,809,235,698

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. As of September 30, 2016 and 2015, 100% of the Group's loans payable are at a fixed rate of interest.

The Group has no financial instruments with variable interest rates exposed to interest rate risk as of September 30, 2016 and 2015.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily from cash and cash equivalents and receivables).

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. These measures result in the Group's exposure to impairment loss as not significant.

With respect to credit risk arising from the Group's financial assets, which comprise of cash and cash equivalents and receivables, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

a. Credit risk exposure

The table below shows the gross maximum exposure to credit risk of the Group as of September 30, 2015, and 2014 without considering the effects of collaterals and other credit risk mitigation techniques:

	2016	2015
Cash and cash equivalents (net of cash on hand)	**₱1,120,767,257**	₱1,167,730,897
Receivables - net		
Trade receivables		
Installment contract receivable	**8,198,622,057**	6,197,079,304
Accrued rent receivable	**721,628,537**	518,174,550
Rental receivables	**651,916,299**	406,863,718
Hotel operations	**176,201,938**	193,412,713
Affiliated companies	**17,561,348**	22,478,004
Other receivables	**256,147,015**	391,893,281
Other assets		
Utility deposits	**613,037,932**	508,098,523
	₱11,755,882,383	₱9,405,730,990

The credit risk on installment contracts 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.

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 September 30, 2016, and 2015, gross of allowance for credit and impairment losses:

	2016				
	Neither Past Due Nor Impaired			Past Due or	
	High Grade	Standard Grade	Substandard Grade	Individually Impaired	Total
Loans and receivables					
Cash and cash equivalents	**₱1,120,767,257**	**₱–**	**₱–**	**₱–**	**₱1,120,767,257**
Receivables:					
Trade receivables					
Installment contract receivables	**7,220,420,961**	**–**	**–**	**997,201,096**	**8,217,622,057**
Accrued rent receivables	**721,628,537**	**–**	**–**	**–**	**721,628,537**
Rental receivables	**70,465,687**	**–**	**–**	**595,355,639**	**665,821,326**
Hotel operations	**42,376,585**	**–**	**–**	**148,596,927**	**190,973,512**
Affiliated companies	**17,561,348**	**–**	**–**	**–**	**17,561,348**
Other receivables	**256,147,015**	**–**	**–**	**–**	**256,147,015**
Other assets					
Utility deposits	**613,037,932**	**–**	**–**	**–**	**613,037,932**
	₱10,062,405,322	**₱–**	**₱–**	**₱1,741,153,662**	**₱11,803,558,984**

	2015				
	Neither Past Due Nor Impaired			Past Due or	
	High Grade	Standard Grade	Substandard Grade	Individually Impaired	Total
Loans and receivables					
Cash and cash equivalents	₱1,167,730,897	₱–	₱–	₱–	₱1,167,730,897
Receivables:					
Trade receivables					
Installment contract receivables	4,680,803,571	–	–	1,535,275,733	6,216,079,304
Accrued rent receivables	518,174,550	–	–	–	518,174,550
Rental receivables	134,295,019	–	–	286,473,726	420,768,745
Hotel operations	88,939,099	–	–	117,610,804	206,549,903
Affiliated companies	22,478,004	–	–	–	22,478,004
Other receivables	391,893,281	–	–	–	391,893,281
Other assets					
Utility deposits	508,098,523	–	–	–	508,098,523
	₱7,512,412,944	₱–	₱–	₱1,939,360,263	₱9,451,773,207

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.

d. Impairment assessment

The Group recognizes impairment losses based on the results of the specific/individual and collective assessment of its credit exposures. Impairment has taken place when there is a presence of known difficulties in the servicing of cash flows by counterparties, infringement of the original terms of the contract has happened, or when there is an inability to pay principal or interest overdue beyond a certain threshold. These and the other factors, either singly or in tandem with other factors, constitute observable events and/or data that meet the definition of an objective evidence of impairment.

The two methodologies applied by the Group in assessing and measuring impairment include: (1) specific/individual assessment and (2) collective assessment.

Under specific/individual assessment, the Group assesses each individually significant credit exposure for any objective evidence of impairment, and where such evidence exists, accordingly calculates the required impairment. Among the items and factors considered by the Group when assessing and measuring specific impairment allowances are: (a) the timing of the expected cash flows; (b) the projected receipts or expected cash flows; (c) the going concern of the counterparty's business; (d) the ability of the counterparty to repay its obligations during financial crises; (e) the availability of other sources of financial support; and (f) the existing realizable value of collateral. The impairment allowances, if any, are evaluated as the need arises, in view of favorable or unfavorable developments.

With regard to the collective assessment of impairment, allowances are assessed collectively for losses on receivables that are not individually significant and for individually significant receivables when there is no apparent evidence or not yet objective of individual impairment. A particular portfolio is reviewed on a periodic basis, in order to determine its corresponding appropriate allowances. The collective assessment evaluates and estimates the impairment of the portfolio in its entirety even though there is no objective evidence of impairment on an individual assessment.

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 value due to the short-term nature of the transaction.

Set out below is a comparison of carrying amounts and fair values of installment contracts receivables, deposits from lessees and loans payable that are carried in the consolidated financial statements.

	2016		2015	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Installment contract receivable	**₱8,198,622,057**	**₱7,865,123,351**	₱6,197,079,304	₱5,929,676,551
Deposits from lessees	**3,914,332,274**	**3,626,438,968**	3,570,202,736	3,321,479,742
Loans payable	**37,344,505,604**	**53,404,190,133**	24,881,953,999	36,008,446,254

The fair values of installment contract receivables, customers' deposits 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 2.3% to 5.8% in 2016 and 1.7% to 5.6% in 2015.

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 contracts 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 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.

Two Gateway 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 "Mass Housing" on a Non-Pioneer status at a capacity of two hundred sixty four (264) units, under Certificate of Registration No. 2008-202 dated August 7, 2008. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from December 2009 up to November 2013.

Holiday Inn Galleria Manila
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 "Modernization of Tourism-Related Facility (Hotel - Holiday Inn Galleria Manila)" on a Non-Pioneer status at a capacity of two hundred eighty-five (285) rooms, under Certificate of Registration No. 2011-097 dated May 25, 2011. Under the terms of its registration, the Group is entitled to income tax holiday for a period of three (3) years from May 2011 to May 2014.

Summit Circle - Fuente Osmeña Circle
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 "Modernization of Tourism-Related Facility (Hotel - Summit Circle Hotel)" on a Non-Pioneer status at a capacity of two hundred ten (210) rooms, under Certificate of Registration No. 2011-021 dated January 24, 2011. Under the terms of its registration, the Group is entitled to income tax holiday for a period of three (3) years from June 2011 to May 2014.

The Wellington Courtyard Phase 2
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 "Mass Housing" on a Non-Pioneer status at a capacity of ninety two (92) units, under Certificate of Registration No. 2011-090 dated May 20, 2011. Under the terms of its registration, the Group is entitled to income tax holiday for a period of three (3) years from May 2011 to May 2014.

Go Hotel, Robinsons Cybergate Plaza
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 (Hotel-Go Hotel, Robinsons Cybergate Plaza)" on a Non-Pioneer status at a capacity of two hundred twenty three (223) rooms, under Certificate of Registration No. 2010-002 dated January 6, 2010. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from July 2010 to June 2014.

Escalades South Metro Phase I
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 "Mass Housing" on a Non-Pioneer status at a capacity of five hundred twenty eight (528) units, under Certificate of Registration No. 2011-169 dated August 1, 2011. Under the terms of its registration, the Group is entitled to income tax holiday for a period of three (3) years from November 2012 to October 2015.

Go Hotel, Dumaguete
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 (Hotel-Go Hotel, Dumaguete)" on a Non-Pioneer status at a capacity of one hundred two (102) rooms, under Certificate of Registration No. 2012-020 dated February 1, 2012. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from February 2012 to February 2016.

Go Hotel, Bacolod
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 (Hotel-Go Hotel, Bacolod)" on a Non-Pioneer status at a capacity of one hundred eight (108) rooms, under Certificate of Registration No. 2012-039 dated March 13, 2012. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from July 2012 to July 2016.

Go Hotel, Palawan
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 (Hotel-Go Hotel, Palawan)" on a Non-Pioneer status at a capacity of one hundred eight (108) rooms, under Certificate of Registration No. 2012-017 dated January 25, 2012. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from February 2012 to February 2016.

Go 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 Establishment (Hotel- Go Hotel, Tacloban)" on a Non-Pioneer status at a capacity of ninety eight (98) rooms, under Certificate of Registration No. 2011-250 dated November 23, 2011. Under the terms of its

registration, the Group is entitled to income tax holiday for a period of four (4) years from April 2012 to April 2016.

Go Hotel, Iloilo
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 "New Operator of Tourist Accommodation Establishment (Hotel - Go Hotel, Iloilo)" on a Non-Pioneer status at a capacity of one hundred sixty seven (167) rooms, under Certificate of Registration No. 2014-016 dated January 29, 2014. Under the terms of its registration, the Group is entitled to income tax holiday for a period of three (3) years from January 2014 to December 2017.

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.

Azalea Place, Gorordo Avenue,Cebu City
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 "Mass Housing" on a Non-Pioneer status at a capacity of three hundred eight (308) units, under Certificate of Registration No. 2011-203 dated September 15, 2011. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from July 2012 to June 2016.

The Pearl Place - Tower A
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 "Mass Housing" on a Non-Pioneer status at a capacity of six hundred twenty five (625) units, under Certificate of Registration No. 2012-008 dated January 11, 2012. Under the terms of its registration, the Group is entitled to income tax holiday for a period of three (3) years from October 2013 to September 2016.

Escalades East Tower
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 "Mass Housing" on a Non-Pioneer status at a capacity of two hundred twenty six (226) units, under Certificate of Registration No. 2014-197 dated November 6, 2014. Under the terms of its registration, the Group is entitled to income tax holiday for a period of three (3) years from November 6, 2014 to November 5, 2017.

Axis Residences (Phase 1)-Tower A
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 "Mass Housing" on a Non-Pioneer status at a capacity of four hundred fifty six (456) units, under Certificate of Registration No. 2015-048 dated February 26, 2015. Under the terms of its registration, the Group is entitled to income tax holiday for a period of three (3) years from February 27, 2015 to February 26, 2018.

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.

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.

34. Commitments and Contingencies

Operating Lease Commitments - Group as Lessee

The Group entered into long-term operating leases of land with lease terms ranging from 25 to 50 years. Total rent expense amounted to ₱180 million, ₱199 million and ₱152 million in 2016, 2015 and 2014, respectively. There is no contingent rent. Future minimum rentals payable under noncancellable operating leases as of September 30, 2016 are as follows:

	2016	2015	2014
Within one (1) year	**₱85,742,828**	₱75,875,322	₱60,225,464
After one (1) year but not more than five (5) years	**404,875,129**	382,304,085	274,917,570
After more than five (5) years	**6,389,039,513**	6,472,894,986	5,492,119,217
	₱6,879,657,470	₱6,931,074,393	₱5,827,262,251

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 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 ₱10,556 million, ₱9,288 million and ₱7,956 million in 2016, 2015 and 2014, respectively. Total percentage rent recognized as income for 2016, 2015 and 2014 amounted to ₱2,786 million, ₱2,502 million and ₱2,167 million, respectively.

Future minimum rentals receivable under noncancellable operating leases as of September 30, 2015 follows:

	2016	2015	2014
Within one (1) year	**₱4,909,033,101**	₱5,308,666,374	₱4,252,470,638
After one (1) year but not more than five (5) years	**8,407,304,291**	10,472,321,498	5,915,813,342
After more than five (5) years	**941,463,464**	1,024,342,237	437,292,732
	₱14,257,800,856	₱16,805,330,109	₱10,605,576,712

Finance Lease Commitments - Group as Lessor

In 2015, 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 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 September 30 follow:

	2016	
	Minimum Lease Payments	**Present Value of Minimum Lease Payments**
Within one (1) year	**₱1,666,378,049**	**₱1,633,532,609**
After one (1) year but not more than five (5) years	**753,609,549**	**683,817,209**
After more than five (5) years	**8,495,591**	**7,107,586**
Total minimum lease payments	**₱2,428,483,189**	**₱2,324,457,404**

	2015	
	Minimum Lease Payments	Present Value of Minimum Lease Payments
Within one (1) year	₱115,488,617	₱112,620,511
After one (1) year but not more than five (5) years	350,912,310	325,025,776
After more than five (5) years	379,131,036	311,618,076
Total minimum lease payments	845,531,963	749,264,363
Less finance charges	96,267,600	–
Present value of minimum lease payments	₱749,264,363	₱749,264,363

Capital Commitments

The Group has contractual commitments and obligations for the construction and development of investment properties and property and equipment items aggregating ₱16,891 million and ₱8,214 million as of September 30, 2016 and 2015, respectively. Moreover, the Group has contractual obligations amounting to ₱1,189 million and ₱1,292 million as of September 30, 2016 and 2015, 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, in general, 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. Note on Consolidated Statement of Cash Flows

Noncash investing activity pertains to transfers from investment properties to property and equipment and subdivision land, condominium and residential units for sale amounting to ₱64 million, ₱474 million, and ₱1,887 million in 2016, 2015, and 2014, respectively. Also, land amounting to ₱1,760 million in 2014 were transferred from investment properties to subdivision land, condominium and residential units for sale for the Group's residential projects.

36. Subsequent Events

On October 17, 2016, the Group pre-terminated the outstanding balance of the loan amounting to ₱10 billion (see Note 16). Pursuant to the Term Loan Facility Agreement between the Parent Company, BDO Unibank Inc. and BDO Leasing and Finance, Inc. dated July 8, 2014, the Parent Company, subject to the penalty of one percent (1%), may prepay the loan in part or full together with accrued interest thereof to prepayment date. The Parent Company paid a prepayment charge amounting to ₱100 million.

Directory

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Holiday Inn Manila Galleria
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Summit Ridge Tagaytay
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Summit Hotel Magnolia
Tel. No. (632) 705-6300
Summit Circle Cebu
Tel. No. (63-32) 239-3000
Go Hotels
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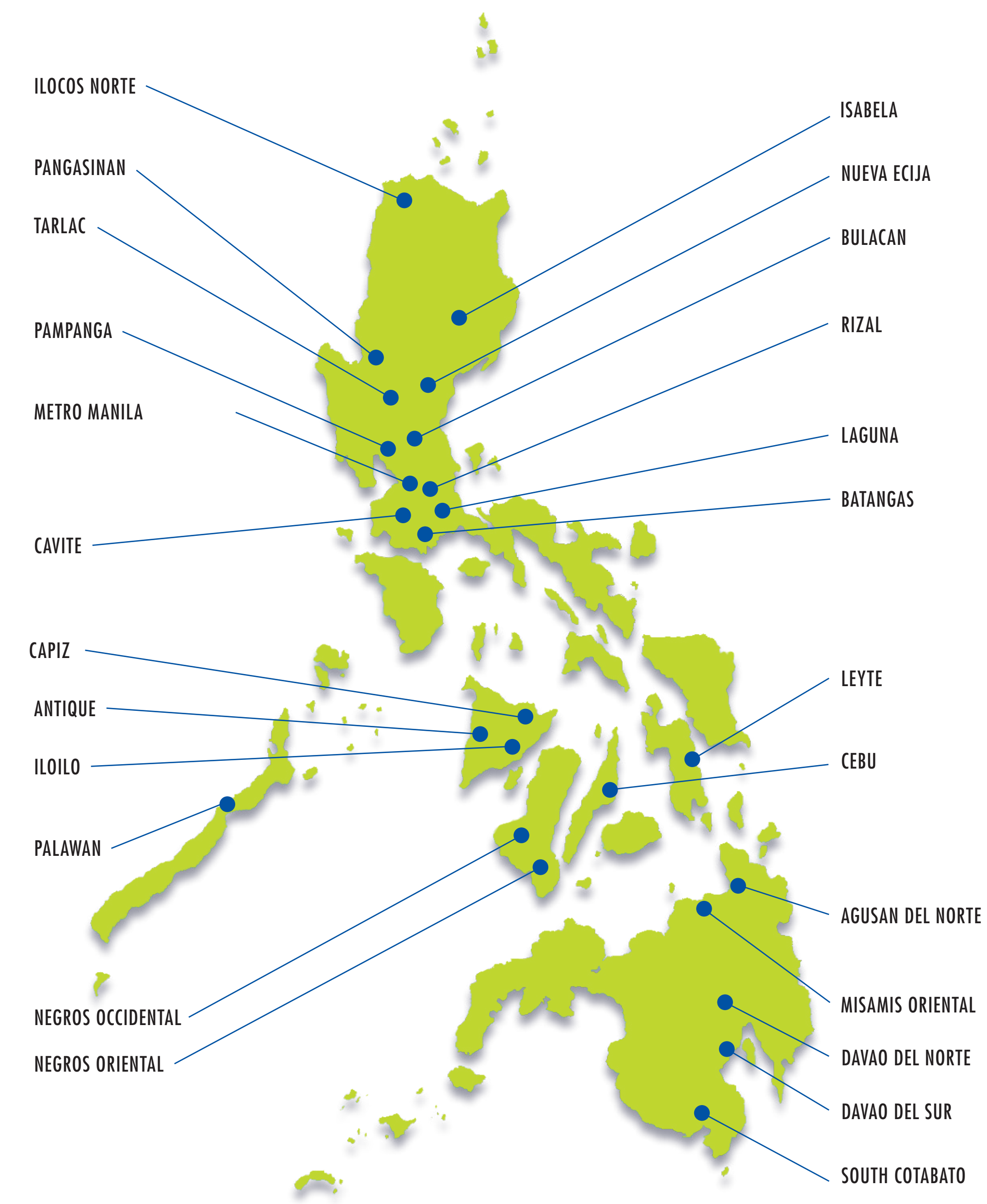
Project Locations



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