ROBINSONS LAND
CORPORATION

November 6, 2020

CERTIFICATION

Securities and Exchange Commission
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City

I, **KERWIN MAX S. TAN**, Chief Financial Officer, Chief Risk Officer and Compliance Officer, is a duly authorized representative of **Robinsons Land Corporation** with SEC registration 93269-A with principal office address at Level 2, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City, Metro Manila, Philippines, do hereby certify that:

Robinsons Land Corporation will comply with the guidelines for the alternative filing of reports and/or documents online with the Securities and Exchange Commission (SEC) in light of the imposition of the Community Quarantine and Stringent Social Distancing Measures over Luzon to prevent the spread of the 2019 Coronavirus Disease (COVID-2019).

The information contained in 2020 SEC Form 17-Q (Quarterly Report) with attached unaudited consolidated financial statements for the period ended September 30, 2020, submitted on November 6, 2020 online is true and correct to the best of my knowledge.

On behalf of Robinsons Land Corporation, I hereby undertake to (1) submit hard or physical copies of 2020 SEC Form 17-Q (Quarterly Report) with proper notarization and certification; (2) pay the filing fees (where applicable); (3) pay the penalties due (where applicable) and (4) other impositions (where applicable), within ten (10) calendar days from the date of the lifting of the Community Quarantine period and resumption of SEC's normal working hours.

I am fully aware that non-submission of hard/physical copies of reports as well as certification that they refer to one and the same document submitted online, within ten (10) calendar days from the lifting of the Community Quarantine period and resumption of SEC's normal working hours, shall invalidate the reports, applications, compliance, requests and other documents submitted via email. Hence, the corresponding penalties under existing rules and regulations of the Commission shall apply without prejudice to the imposition of penalties under Section 54 of the Securities Regulation Code and other applicable existing rules and regulations for failure to comply with the orders of the Commission.

I am executing this certification on November 6, 2020 to attest to the truthfulness of the foregoing facts and for whatever legal purpose it may serve.

Ktan

KERWIN MAX S. TAN
Authorized Representative

SEC Number 93269-A
File Number ____________

ROBINSONS LAND CORPORATION
AND SUBSIDIARIES

(Company's Full Name)

Level 2, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City, Metro Manila

(Company's Address)

8397-1888

(Telephone Number)

September 30, 2020

(Quarter Ended)

SEC Form 17-Q

(Form Type)

Amendment Designation (If applicable)

CN 000452R - Listed

(Secondary License Type and File Number)

COVER SHEET

93269-A
SEC Registration Number

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
(Company's Full Name)

Level 2, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City, Metro Manila
(Business Address: No. Street City/Town/Province)

Kerwin S. Tan
(Contact Person)

8397-1888
(Company Telephone Number)

12 **31**
Month *Day*
(Fiscal Year)

17-Q
(Form Type)

Month *Day*
(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

TABLE OF CONTENTS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **September 30, 2020**

2. Commission identification number **93269-A**

3. BIR Tax Identification No. **000-361-376-000**

4. Exact name of issuer as specified in its charter

   ROBINSONS LAND CORPORATION

5. Province, country or other jurisdiction of incorporation or organization
   MANILA, PHILIPPINES

6. Industry Classification Code: ____ (SEC Use Only)

7. Address of issuer's principal office Postal Code

   Level 2, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City, Metro Manila

8. Issuer's telephone number, including area code

   8397-1888

9. Former name, former address and former fiscal year, if changed since last report

   Not applicable

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding
Common	**5,193,830,685 shares**
Registered bonds payable	**₱25,190,280,000**

11. Are any or all of the securities listed on a Stock Exchange?

Yes [/] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

PHILIPPINE STOCK EXCHANGE **COMMON STOCK**

12. Indicate by check mark whether the registrant:

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

Yes [/] No [ ]

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

Yes [/] No [ ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Financial Statements and, if applicable, Pro Forma Financial Statements meeting the requirements of SRC Rule 68, Form and Content of Financial Statements, shall be furnished as specified therein. **See Exhibit II**

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

See Exhibit I

PART II--OTHER INFORMATION

The Company's retained earnings include accumulated equity in undistributed net earnings of investee companies and affiliates amounting to ₱3,060 million as of September 30, 2020 and ₱3,252 million as of December 31, 2019. This amount, plus ₱27,000 million of retained earnings appropriated for expansion, are not available for dividend declaration.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer	**FREDERICK D. GO**
Signature & Title	President and Chief Executive Officer
Date	**11-06-2020**

Issuer	**KERWIN MAX S. TAN**
Signature & Title	Chief Financial Officer, Chief Risk Officer and Compliance Officer
Date	**11-06-2020**

ROBINSONS LAND CORPORATION
3rd Quarter CY 2020 PERFORMANCE

I. Consolidated Operations

RLC had strong momentum coming into the year which continued through the first quarter. However, the effects of the economic slowdown brought upon by the pandemic began to manifest on the company's results in the second quarter. In the third quarter, the Company roared back to recovery with a 38% growth in net income to ₱717.7 million from the lows recorded in the second quarter. This reflects the improved performance of the malls, hotels and residential businesses, albeit not yet at pre-COVID levels; and on-going resiliency of the office and warehouse leasing portfolios. Furthermore, all business units continued to register positive earnings before interest, taxes, depreciation and amortization (EBITDA).

Meanwhile, for the first nine months, revenues contracted by -11% to ₱20,004.2 million year-on-year. Real estate costs were up 4% to ₱9,399.3 million while hotel expenses dropped 27% to ₱1,043.9 million reflecting the muted hotel operations. General and administrative expenses fell 17% to ₱2,622.5 million due to lower advertising and promotions, taxes, commission, and insurance, among others. Efforts to streamline operations and manage expenses tempered the decline in EBITDA by 14% to ₱10,772.7 million. On the other hand, additional depreciation from properties opened in the second half of last year caused a 22% drag in earnings before interest and taxes (EBIT) to ₱6,938.5 million. Interest expense on new loans and unfavorable foreign exchange impact pushed net income down by 31% to ₱4,396.7 million compared to the same period last year.

Detailed analyses of the various segments are presented in the succeeding paragraphs.

II. Segment Operations

The Commercial Centers Division, which accounted for 24% or ₱4,803.7 million of the Company's gross revenues, dropped by 51%. The decrease was due to the temporary closure of the malls except those areas that are being occupied by tenants providing essential services such as the supermarkets, banks, pharmacies and spaces occupied by BPOs. The Company also temporarily suspended cinema operations, waived rents for non-operational tenants and granted rental discounts during the implementation of community quarantine. The Company took immediate actions to rationalize operating expenses which helped EBITDA to decline at a slower pace than revenues by 48% to ₱3,432.7 million. Meanwhile, additional depreciation from new malls opened in 2019 dragged EBIT by 83% to ₱664.2 million.

The Residential Division contributed 49% or ₱9,753.0 million to the Company's revenues, which was 36% higher from ₱7,149.6 million the previous year. This is due to the adoption of a new accounting treatment on revenue recognition and the Company started to recognize revenues using the buyers' equity threshold at 10% from the previous 15%. EBITDA and EBIT rose 57% and 58% to ₱3,284.5 million and ₱3,238.7 million, respectively.

The Office Buildings Division went into the pandemic very well positioned with high-quality assets, good tenant mix and a strong system-wide occupancy. It continued to deliver sustained financial performance during the period, highlighting the resilience of the portfolio. Accounting for 22% of total company revenues, the Office Buildings Division recorded a significant 20% hike in its revenues to ₱4,342.0 million year-on-year owing to the successful leasing activities for new developments namely--- Cyberscape Gamma, Zeta Tower, Giga Tower Cybergate Magnolia and Luisita 2; as well as rental escalations in existing office buildings. Meanwhile, EBITDA accelerated 23% to ₱3,817.7 million; whereas, EBIT surged 26% to ₱3,150.5 million.

The Hotels and Resorts Division accounted for 4% or ₱856.4 million to the Company's revenues. Most of the properties started to re-open as of September 30, 2020. Despite a massive contraction in overall demand and limited operations, the Hotels and Resorts Division managed to post revenues of Php856.4 million in the first nine months. EBITDA fell -76% to ₱125.0 million versus the same period last year on the back of fixed overhead costs; while additional depreciation from hotels opened in 2019 resulted to a negative EBIT of ₱187.5 million.

The Industrial and Integrated Developments Division (IID) generated ₱164.0 million in leasing revenues and ₱85.1 million in development revenues for the first nine months. The leasing business remains to be a bright spot as it had doubled its revenues year-on-year. On the other hand, development revenues was lower 69% versus same period last year due to the high-base effect of the recognition of the partial gain on sale of land to RLC DMCI Property Ventures, Inc. in 2019. Accounting for 1% of total company revenues, IID's combined revenues from its investment and development portfolios fell 30% to ₱249.1 million. Combined EBITDA and EBIT stood at ₱150.2 million and ₱110.1 million, declining by 11% and 27%, respectively.

The Company is cognizant of COVID-19's potential material impact on its financial performance, the execution of its plans and strategies, and its customers and employees should the situation persist in the longer-tem. Nonetheless, the Company's broad business footprint and diversified revenue stream helped cushion the blow of this unprecedented event. For more information on the impact on the company's operations of COVID-19 and the measures the Company has undertaken to mitigate its effects, please refer to Note 30 of the Interim Condensed Consolidated Financial Statements as of September 30, 2020.

III. Financial Resources and Liquidity

As of September 30, 2020, Cash and Cash Equivalents increased by 194% mainly due to availment of an additional long-term loan and issuance of fixed-rate bonds.

Receivables (current and non-current) were up by 26% this year at ₱8,629.4 million due to change in equity threshold resulting to higher volume of buyers meeting the equity requirement needed for revenue recognition

Other assets (current and non-current) slightly decreased by 1% to ₱12,448.2 million due to the reclassification of advances to lot owners to land held for development.

Contract assets (current and noncurrent) totaling ₱15,125.0 million refer to the right to consideration in exchange for goods or services transferred to the customers.

Deposits and Other Liabilities (current and non-current) increased by 5% to ₱9,870.1 million due to additional deposits from lessees.

Total loans increased by 24% to ₱53,579.7 million mainly due to availment of an additional long-term loan and issuance of fixed-rate bonds offset by the retirement of short-term debts.

Contract liabilities (current and noncurrent) totaling ₱27,413.5 million consist of collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the goods and services transferred by the Group based on percentage of completion.

As of September 30, 2020, total assets of the Company stood at ₱214,342.6 million while total equity ended at ₱102,134.2 million.

RLC's financial position remains solid, with a gross debt to equity ratio of 0.53:1 as of September 30, 2020 and 0.44:1 as of December 31, 2019 that are well within the Company's debt covenants. The Company continued to have strong liquidity with cash and cash equivalents of ₱20,765.6 million and ₱7,060.4 million as of September 30, 2020 and December 31, 2019, respectively. Current ratio ended at 2:09:1 from last year end's 1.37:1. Earnings per share for the nine months of this year stood at ₱0.85 per share from last year's ₱1.22 per share. Net book value excluding non-controlling interest stood at ₱19.50 per share as of September 30, 2020 compared to ₱19.16 per share as of December 31, 2019.

.

Robinsons Land Corporation and Subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements
September 30, 2020 and for the Nine Months Ended September 30, 2020 and 2019
(With Comparative Audited Consolidated Statement of
Financial Position as of December 31, 2019)

ROBINSONS LAND CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(With Comparative Audited Figures as at December 31, 2019)

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6, 23, 27, and 28)	**₱20,765,610,948**	₱7,060,438,523
Receivables (Notes 7, 23, 27, and 28)	**5,048,951,865**	3,146,968,482
Subdivision land, condominium and residential units for sale (Note 8)	**38,453,326,450**	36,062,897,387
Contract assets (Notes 9 and 23)	**4,191,778,097**	3,007,038,670
Other current assets (Notes 10, 27, and 28)	**7,721,098,120**	7,501,779,810
Total Current Assets	**76,180,765,480**	56,779,122,872
Noncurrent Assets		
Noncurrent receivables (Notes 7, 23, 27, and 28)	**3,580,409,748**	3,677,362,062
Noncurrent contract assets (Notes 9 and 23)	**10,933,242,540**	7,843,135,383
Investment properties (Notes 3 and 11)	**106,478,455,232**	103,799,140,203
Property and equipment (Note 12)	**8,903,716,009**	8,896,623,535
Investments in joint venture (Note 13)	**2,382,112,700**	2,350,181,648
Right-of-use assets (Notes 3 and 29)	**1,156,812,973**	1,171,733,998
Other noncurrent assets (Notes 3, 14, 23, 27 and 28)	**4,727,102,132**	5,133,910,060
Total Noncurrent Assets	**138,161,851,334**	132,872,086,889
	₱214,342,616,814	₱189,651,209,761
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term loans (Notes 18, 27, and 28)	**₱–**	₱8,491,700,000
Accounts payable and accrued expenses (Notes 15, 27, 28 and 29)	**16,622,090,925**	15,421,978,225
Contract liabilities (Notes 16 and 23)	**16,427,612,051**	14,184,663,585
Deposits and other current liabilities (Notes 17, 23, 27 and 28)	**3,236,664,919**	3,091,851,056
Current portion of loans payable (Notes 18, 27, and 28)	**155,000,000**	155,000,000
Total Current Liabilities	**36,441,367,895**	41,345,192,866
Noncurrent Liabilities		
Loans payable - net of current portion (Notes 18, 27, and 28)	**53,424,656,672**	34,560,272,176
Noncurrent contract liabilities (Note 16)	**10,985,866,477**	2,958,482,166
Deposits and other noncurrent liabilities (Notes 19, 23, 27, 28 and 29)	**6,633,468,399**	6,341,484,299
Deferred tax liabilities - net (Note 26)	**4,723,052,178**	4,368,107,776
Total Noncurrent Liabilities	**75,767,043,726**	48,228,346,417
Total Liabilities	**112,208,411,621**	89,573,539,283
Equity		
Equity attributable to equity holders of the Parent Company		
Capital stock (Note 21)	**5,193,830,685**	5,193,830,685
Additional paid-in capital	**39,041,328,236**	39,041,328,236
Other comprehensive income		
Fair value reserve of financial assets at FVOCI - net of tax (Notes 7 and 28)	**26,532,884**	78,012,917
Cumulative adjustment	**41,302,360**	41,302,360
Remeasurements of net defined benefit liability - net of tax	**(943,880)**	(943,880)
Retained earnings (Note 20)		
Unappropriated	**29,957,697,623**	28,155,279,155
Appropriated	**27,000,000,000**	27,000,000,000
	101,259,747,908	99,508,809,473
Non-controlling interest	**874,457,285**	568,861,005
	102,134,205,193	100,077,670,478
	₱214,342,616,814	₱189,651,209,761

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the Period July to September		For the Period January to September	
	2020 (Unaudited)	2019 (Unaudited)	**2020 (Unaudited)**	2019 (Unaudited)
REVENUES (Notes 5 and 24)				
Real Estate Operations				
Real estate sales (Notes 4 and 24)	**₱1,862,527,942**	₱2,348,543,261	**₱9,594,928,979**	₱7,192,695,851
Rental income (Notes 11, 24, and 29)	**2,199,232,087**	3,695,366,003	**8,209,920,874**	11,077,123,041
Amusement income (Note 24)	**–**	503,979,248	**219,664,010**	1,574,601,133
Others (Notes 13 and 24)	**317,724,486**	390,184,497	**1,123,302,745**	1,040,269,979
	4,379,484,515	6,938,073,009	**19,147,816,608**	20,884,690,004
Hotel Operations (Note 24)	**196,003,634**	611,976,218	**856,415,515**	1,692,231,756
	4,575,488,149	7,550,049,227	**20,004,232,123**	22,576,921,760
COSTS (Note 25)				
Real Estate Operations				
Cost of real estate sales (Note 8)	**988,745,310**	1,115,095,327	**5,087,234,023**	3,508,750,280
Cost of rental services	**1,285,500,625**	1,229,481,668	**3,892,865,308**	3,715,635,815
Cost of amusement services	–	233,746,280	**92,764,250**	716,004,988
Others	**94,450,488**	352,546,566	**326,445,463**	1,139,118,393
	2,368,696,423	2,930,869,841	**9,399,309,044**	9,079,509,476
Hotel operations	**270,650,872**	504,879,779	**1,043,899,503**	1,435,242,035
	2,639,347,295	3,435,749,620	**10,443,208,547**	10,514,751,511
GROSS INCOME	**1,936,140,854**	4,114,299,607	**9,561,023,576**	12,062,170,249
GENERAL AND ADMINISTRATIVE EXPENSES (Note 25)	**616,287,360**	938,919,922	**2,622,512,468**	3,147,273,875
OPERATING INCOME	**1,319,853,494**	3,175,379,685	**6,938,511,108**	8,914,896,374
OTHER INCOME (LOSSES)				
Interest income	**81,896,423**	84,181,880	**151,837,264**	212,804,250
Gain (loss) on foreign exchange	**(107,285,815)**	6,975,977	**(121,683,426)**	(2,715,142)
Gain on sale of property and equipment	**169,085**	119,308	**762,986**	475,879
Loss from insurance	–	(48,629)	**–**	–
Interest expense (Notes 18 and 29)	**(312,820,035)**	(80,670,014)	**(1,047,443,239)**	(472,021,799)
	(338,040,342)	10,558,522	**(1,016,526,415)**	(261,456,812)
INCOME BEFORE INCOME TAX	**981,813,152**	3,185,938,207	**5,921,984,693**	8,653,439,562
PROVISION FOR INCOME TAX (Note 26)	**265,089,551**	850,191,952	**1,525,264,603**	2,307,050,494
NET INCOME	**716,723,601**	2,335,746,255	**4,396,720,090**	6,346,389,068
OTHER COMPREHENSIVE INCOME				
Other comprehensive loss to be reclassified to profit or loss in subsequent periods				
Fair value reserve of financial assets at FVOCI, net of income tax effect (Note 7)	**–**	–	**(51,480,033)**	49,793,437
TOTAL COMPREHENSIVE INCOME	**₱716,723,601**	₱2,335,746,255	**₱4,345,240,057**	₱6,396,182,505
Net Income Attributable to:				
Equity holders of Parent Company	**₱717,463,122**	₱2,331,939,253	**₱4,399,333,810**	₱6,345,869,980
Non-controlling interest in consolidated subsidiaries	**(739,521)**	3,807,002	**(2,613,720)**	519,088
	₱716,723,601	₱2,335,746,255	**₱4,396,720,090**	₱6,346,389,068
Total Comprehensive Income Attributable to:				
Equity holders of Parent Company	**₱717,463,122**	₱2,331,939,253	**₱4,347,853,777**	₱6,395,663,417
Non-controlling interest in consolidated subsidiaries	**(739,521)**	3,807,002	**(2,613,720)**	519,088
	₱716,723,601	₱2,335,746,255	**₱4,345,240,057**	₱ 6,396,182,505
Basic/Diluted Earnings Per Share (Note 22)	**₱0.14**	₱0.45	**₱0.85**	₱1.22

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	For the Nine Months Ended September 30, 2020 (Unaudited)							
	Attributable to Equity Holders of the Parent Company							
	Capital Stock (Note 21)	Additional Paid-in Capital	Other Comprehensive Income	Unappropriated Retained Earnings (Note 20)	Appropriated Retained Earnings	Total	Non-controlling Interest	Total Equity
Balances at January 1, 2020	**₱5,193,830,685**	**₱39,041,328,236**	**₱118,371,397**	**₱28,155,279,155**	**₱27,000,000,000**	**₱99,508,809,473**	**₱568,861,005**	**₱100,077,670,478**
Comprehensive income								
Net income	–	–	–	4,399,333,810	–	4,399,333,810	(2,613,720)	4,396,720,090
Other comprehensive income	–	–	(51,480,033)	–	–	(51,480,033)	–	(51,480,033)
Total comprehensive income	–	–	(51,480,033)	4,399,333,810	–	4,347,853,777	(2,613,720)	4,345,240,057
Collection of subscriptions receivable (Note 2)	–	–	–	–	–	–	318,500,000	318,500,000
Cash dividends	–	–	–	(2,596,915,342)	–	(2,596,915,342)	(10,290,000)	(2,607,205,342)
Balances at September 30, 2020	**₱5,193,830,685**	**₱39,041,328,236**	**₱66,891,364**	**₱29,957,697,623**	**₱27,000,000,000**	**₱101,259,747,908**	**₱874,457,285**	**₱102,134,205,193**

	For the Nine Months Ended September 30, 2019 (Unaudited)								
	Attributable to Equity Holders of the Parent Company								
	Capital Stock	Additional Paid-in Capital	Other Equity Reserve	Other Comprehensive Income	Unappropriated Retained Earnings	Appropriated Retained Earnings	Total	Non-controlling Interest	Total Equity
Balances at January 1, 2019, as previously reported	₱5,193,830,685	₱39,041,328,236	(₱87,597,873)	₱47,470,538	₱22,315,570,513	₱27,000,000,000	₱93,510,602,099	₱409,114,406	₱93,919,716,505
Effect of adoption of new accounting standard (Note 3)	–	–	–	–	387,988,699	–	387,988,699	–	387,988,699
Balances at January 1, 2019, as restated	5,193,830,685	39,041,328,236	(87,597,873)	47,470,538	22,703,559,212	27,000,000,000	93,898,590,798	409,114,406	94,307,705,204
Comprehensive income									
Net income	–	–	–	–	6,345,869,980	–	6,345,869,980	519,088	6,346,389,068
Other comprehensive income	–	–	–	49,793,437	–	–	49,793,437	–	49,793,437
Total comprehensive income	–	–	–	49,793,437	6,345,869,980	–	6,395,663,417	519,088	6,396,182,505
Issuance of capital stock	–	–	–	–	–	–	–	159,250,000	159,250,000
Property dividends	–	–	–	–	(637,597,873)		(637,597,873)	–	(637,597,873)
Cash dividends	–	–	–	–	(2,596,915,343)	–	(2,596,915,343)	(5,880,000)	(2,602,795,343)
Balances at September 30, 2019	₱5,193,830,685	₱39,041,328,236	(₱87,597,873)	₱97,263,975	₱25,814,915,976	₱27,000,000,000	₱97,059,740,999	₱563,003,494	₱97,622,744,493

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Nine months Ended September 30	
	2020 (Unaudited)	2019 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱5,921,984,693**	₱8,653,439,562
Adjustments for:		
Depreciation (Notes 11 and 12)	**3,819,265,848**	3,583,395,298
Interest expense (Note 18)	**1,011,047,648**	436,395,413
Interest expense on lease liabilities (Note 29)	**36,395,591**	35,626,386
Accretion expense on security deposits	**34,430,131**	11,285,631
Amortization of right-of-use assets (Note 29)	**14,921,025**	15,065,520
Gain on sale of property and equipment	**(762,986)**	(475,879)
Interest income	**(207,353,720)**	(277,710,948)
Equity in net loss (earnings) of joint ventures (Note 13)	**(71,614,893)**	27,264,452
Operating income before working capital changes	**10,558,313,337**	12,484,285,435
Decrease (increase) in:		
Receivables - trade	**(6,229,086,161)**	(412,307,285)
Subdivision land, condominium and residential units for sale (inclusive of capitalized borrowing cost)	**17,867,456**	(3,910,464,778)
Other current assets	**(719,477,717)**	945,936,419
Increase (decrease) in:		
Accounts payable and accrued expenses and other noncurrent liabilities	**764,879,156**	(721,058,897)
Customers' deposits	**10,487,165,977**	2,651,604,500
Cash generated from operations	**14,879,662,048**	11,037,995,394
Interest received from installment contract receivable	**55,516,456**	64,906,698
Income tax paid	**(1,801,919,693)**	(2,160,652,119)
Net cash flows provided by operating activities	**13,133,258,811**	8,942,249,973
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from cash and short-term investments	**151,122,899**	212,988,431
Decrease (increase) in:		
Advances to lot owners (Notes 10 and 14)	**(38,952,070)**	(1,076,112,719)
Advances to suppliers and contractors	**(299,471,295)**	(33,564,561)
Receivables from affiliated companies (Notes 7 and 23)	**98,442,840**	(1,104,019,650)
Other noncurrent assets	**(4,137,929)**	92,731,184
Additions to:		
Investment properties (inclusive of capitalized borrowing cost) (Note 11)	**(7,111,598,679)**	(6,709,582,868)
Property and equipment (Note 12)	**(624,812,125)**	(1,103,348,252)
Investment in a joint venture (Note 13)	**(65,720,000)**	(529,950,000)
Proceeds from:		
Disposal of property and equipment	**762,986**	475,879
Net cash flows used in investing activities	**(7,894,363,373)**	(10,250,382,556)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Availment of short-term loans (Note 18)	**9,807,400,000**	5,721,100,000
Long-term loans (Note 18)	**19,190,280,000**	–
Collection of subscription receivable from noncontrolling interest (Note 2)	**318,500,000**	159,250,000
Payment of:		
Short-term loans (Note 18)	**(18,299,100,000)**	–
Cash dividends	**(1,298,457,671)**	(2,596,915,343)
Loans payable (Note 18)	**(155,000,000)**	(1,760,262,680)
Interests on loans	**(956,165,244)**	(574,104,652)
Bond issue costs	**(209,317,147)**	–
Principal portion of lease liabilities	**(20,993,810)**	(30,021,832)
Interest on lease liabilities	**(4,009,003)**	(26,529,578)
Increase in payable to affiliated companies and other liabilities (Note 17)	**93,139,862**	75,825,830
Net cash flows provided by financing activities	**8,466,276,987**	968,341,745
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**13,705,172,425**	(339,790,838)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**7,060,438,523**	2,543,840,827
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱20,765,610,948**	₱2,204,049,989

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Robinsons Land Corporation (the Parent Company) is a stock corporation organized and incorporated on June 4, 1980 with a corporate life of 50 years under the laws of the Philippines. The Parent Company and its subsidiaries will collectively be 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 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.

2. Basis of Preparation

The interim condensed consolidated financial statements as of September 30, 2020 and for the nine months ended September 30, 2020 and 2019 have been prepared in compliance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements as of December 31, 2019 which have been prepared under Philippine Financial Reporting Standards (PFRS).

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

<u>Basis of Consolidation</u>

The interim condensed consolidated financial statements comprise the financial statements of the Group as of September 30, 2020 and December 31, 2019 and for the nine months ended September 30, 2020 and 2019.

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

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

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

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

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

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

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

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies 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, 2020 and December 31, 2019:

	Country of Incorporation	Effective Percentage of Ownership	
		2020	2019
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 Mall Ventures, Inc.	Philippines	**100%**	100%
Bonifacio Property Ventures,Inc.	Philippines	**100%**	100%
Bacoor R and F Land Corporation (BRFLC)	Philippines	**70%**	70%
Altus Angeles, Inc. (AAI)	Philippines	**51%**	51%
GoHotels Davao, Inc. (GDI)	Philippines	**51%**	51%
RLGB Land Corporation (RLGB)	Philippines	**51%**	51%
RLC Resources Ltd. (RLCRL)	British Virgin Island	**100%**	100%
Land Century Holdings Ltd. (LCHL)	Hong Kong	**100%**	100%
World Century Enterprise Ltd. (WCEL)	Hong Kong	**100%**	100%
First Capital Development Ltd. (First Capital)	Hong Kong	**100%**	100%
Chengdu Xin Yao Real Estate Development, Co. Ltd. (Chengdu Xin Yao)	China	**100%**	100%

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

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

On June 7, 2019, RLGB Land Corporation (RLGB) was incorporated for the primary purpose to acquire by purchase, lease, donation or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop and hold for investment or otherwise, real estate of all kinds, whether improve, manage or otherwise dispose of buildings, houses, apartments and other real estate and/or structures of whatever kind, together with their appurtenances. The Parent Company owns 51% of the subscribed capital stock of RLGB. As of September 30, 2020 and December 31, 2019, subscription receivable from the noncontrolling interest amounted to ₱159 million and ₱478 million, respectively.

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

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

As a result of the dividend distribution, the Group lost control over APVI. Accordingly, the Group derecognized the related assets and liabilities of APVI and the remaining interest of 6,106,366 shares, representing 6.11% of total common shares of APVI, with an equivalent fair value of ₱62 million was recognized as financial assets at FVOCI under "Other noncurrent assets" in the consolidated statement of financial position as of December 31, 2019. The resultant loss amounted to ₱12 million and was recognized in profit or loss in 2019.

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

3. Changes in Accounting Policies

Changes in Accounting Policies and Disclosures

The Group has adopted the following new accounting pronouncements starting January 1, 2020. Adoption of these pronouncements either did not have any significant impact on the Group's financial position or performance unless otherwise indicated. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Effective beginning January 1, 2020

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

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

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

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

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

  The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

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

Effective beginning on or after January 1, 2023

- PFRS 17, *Insurance Contracts*

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

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

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted.

Deferred effectivity

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

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

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

Starting January 1, 2019

- PFRS 16, *Leases*

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

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

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

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

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

The Group has lease contracts for various items of investment properties. Before the adoption of PFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Refer to the December 31, 2019 consolidated financial statements for the accounting policy prior to January 1, 2019.

Upon adoption of PFRS 16, the Group applied a single recognition and measurement approach for all leases. Refer to the December 31, 2019 consolidated financial statements for the accounting policy prior to January 1, 2019.

4. 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.

Except as otherwise stated, the significant accounting policies, judgments, estimates and assumptions used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements as at and for the year ended December 31, 2019.

Estimate on when the buyers' investment is qualified for revenue recognition on real estate sales
Effective January 1, 2020, the Group changed its basis in assessing the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Group considers the significance of the customer's initial payments in relation to the total contract price. Marketing and selling statistics and experiences over the past several years which include, among others, buyers' credit standings and sales returns prompted the Group to revisit and accordingly revise the basis of estimating the level of buyers' payments that is highly probable that the Group will collect the consideration from the contract. The change in estimate increased the real estate sales by ₱5,375 million, operating income by ₱2,452 million and net income by ₱1,717 million for the nine months ended September 30, 2020. The effect of this change in the future periods is not disclosed because it cannot be estimated as it is dependent on future sales transactions.

5. **Operating Segments**

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

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

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

Cost and expenses exclude interest, taxes and depreciation.

The Group derives its revenue from the following reportable units:

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

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

Office Buildings Division - develops and leases out office spaces.

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

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

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

Nine Months Ended September 30, 2020 (Unaudited)

	Commercial Centers Division	Residential Division	Office Buildings Division	Hotels and Resorts Division	Industrial and Integrated Developments	Intersegment Eliminating Adjustments	Consolidated
Revenue							
Segment revenue:							
Revenues from contracts with customers	**₱219,664,010**	**₱9,509,860,680**	**₱–**	**₱856,415,515**	**₱85,068,299**	**₱–**	**₱10,671,008,504**
Rental income	**4,470,351,839**	**49,957,258**	**3,525,819,748**	**–**	**163,792,029**	**–**	**8,209,920,874**
Other income	**113,715,562**	**193,182,197**	**816,154,331**	**–**	**250,655**	**–**	**1,123,302,745**
Intersegment revenue	**16,952,699**	**–**	**308,000**	**797,447**	**–**	**(18,058,146)**	**–**
Total Revenue	**4,820,684,110**	**9,753,000,135**	**4,342,282,079**	**857,212,962**	**249,110,983**	**(18,058,146)**	**20,004,232,123**
Costs and expenses							
Segment costs and expenses	**1,371,041,308**	**6,505,836,956**	**524,285,594**	**731,464,725**	**98,905,559**	**–**	**9,231,534,142**
Intersegment costs and expenses	**5,592,268**	**21,652,966**	**(17,840,111)**	**8,514,668**	**138,355**	**(18,058,146)**	**–**
Total Costs and expenses	**1,376,633,576**	**6,527,489,922**	**506,445,483**	**739,979,393**	**99,043,914**	**(18,058,146)**	**9,231,534,142**
Earnings before interest, taxes and depreciation	**3,444,050,534**	**3,225,510,213**	**3,835,836,596**	**117,233,569**	**150,067,069**	**–**	**10,772,697,981**
Depreciation and amortization	**2,768,458,102**	**46,008,880**	**667,151,418**	**312,434,778**	**40,133,695**	**–**	**3,834,186,873**
Operating income	**₱675,592,432**	**₱3,179,501,333**	**₱3,168,685,178**	**(₱195,201,209)**	**₱109,933,374**	**₱–**	**₱6,938,511,108**

Nine Months Ended September 30, 2019 (Unaudited)

	Commercial Centers Division	Residential Division	Office Buildings Division	Hotels and Resorts Division	Industrial and Integrated Developments	Intersegment Eliminating Adjustments	Consolidated
Revenue							
Segment revenue:							
Revenues from contracts with customers	₱1,574,601,133	₱6,919,365,603	₱–	₱1,692,231,756	₱273,330,248	₱–	₱10,459,528,740
Rental income	7,983,487,233	75,529,905	2,936,841,561	–	81,264,342	–	11,077,123,041
Other income	191,146,635	154,674,943	694,155,727	–	292,674	–	1,040,269,979
Intersegment revenue	28,027,002	–	–	–	–	(28,027,002)	–
Total Revenue	9,777,262,003	7,149,570,451	3,630,997,288	1,692,231,756	354,887,264	(28,027,002)	22,576,921,760
Costs and expenses							
Segment costs and expenses	3,088,218,349	5,081,588,164	529,988,402	1,177,982,007	185,787,646	–	10,063,564,568
Intersegment costs and expenses	–	28,027,002	–	–	–	(28,027,002)	–
Total Costs and expenses	3,088,218,349	5,109,615,166	529,988,402	1,177,982,007	185,787,646	(28,027,002)	10,063,564,568
Earnings before interest, taxes and depreciation	6,689,043,654	2,039,955,285	3,101,008,886	514,249,749	169,099,618	–	12,513,357,192
Depreciation and amortization	2,673,685,923	46,064,341	603,579,627	257,260,028	17,870,899	–	3,598,460,818
Operating income	₱4,015,357,731	₱1,993,890,944	₱2,497,429,259	₱256,989,721	₱151,228,719	₱–	₱8,914,896,374

The financial information about the segment assets and liabilities of these operating segments as at September 30, 2020 and December 31, 2019 are as follows:

	September 30, 2020 (Unaudited)						
	Commercial Centers Division	**Residential Division**	**Office Buildings Division**	**Hotels and Resorts Division**	**Industrial and Integrated Developments**	**Intersegment Eliminating Adjustments**	**Consolidated**
Assets and Liabilities							
Segment assets	**₱85,113,181,294**	**₱67,758,676,603**	**₱26,455,557,049**	**₱9,945,749,985**	**₱25,069,451,883**	**₱–**	**₱214,342,616,814**
Investment in subsidiaries - at cost	**7,306,629,643**	**–**	**497,250,000**	**25,500,000**	**780,000,000**	**(8,609,379,643)**	**–**
Total segment assets	**₱92,419,810,937**	**₱67,758,676,603**	**₱26,952,807,049**	**₱9,971,249,985**	**₱25,849,451,883**	**(₱8,609,379,643)**	**₱214,342,616,814**
Total segment liabilities	**₱68,639,464,713**	**₱33,521,567,399**	**₱4,624,793,928**	**₱1,276,303,705**	**₱4,146,281,876**	**₱–**	**₱112,208,411,621**
Other segment information							
Capital expenditures (Notes 12 and 13)							**₱7,736,410,804**
Additions to subdivision land, condominium and residential units for sale (Note 8)							**₱5,069,366,567**

	December 31, 2019 (Audited)						
	Commercial Centers Division	Residential Division	Office Buildings Division	Hotels and Resorts Division	Industrial and Integrated Developments	Intersegment Eliminating Adjustments	Consolidated
Assets and Liabilities							
Segment assets	₱73,472,525,100	₱59,962,694,934	₱24,309,288,716	₱10,194,629,208	₱21,712,071,803	₱–	₱189,651,209,761
Investment in subsidiaries - at cost	10,910,909,370	–	165,750,000	25,500,000	780,000,000	(11,882,159,370)	–
Total segment assets	₱84,383,434,470	₱59,962,694,934	₱24,475,038,716	₱10,220,129,208	₱22,492,071,803	(₱11,882,159,370)	₱189,651,209,761
Total segment liabilities	₱58,335,790,786	₱20,717,183,095	₱4,534,903,265	₱1,325,361,503	₱4,660,300,634	₱–	₱89,573,539,283
Other segment information							
Capital expenditures (Notes 12 and 13)							₱11,444,282,141
Additions to subdivision land, condominium and residential units for sale (Note 8)							₱8,746,295,175

The revenue of the Group consists of sales to domestic customers. Inter-segment revenue accounted for under PFRS arising from lease arrangements amounting ₱18 million and ₱28 million for the nine months ended September 30, 2020 and 2019, respectively, are eliminated in consolidation.

The carrying amount of assets located outside the Philippines amounted to ₱28,774 million and ₱21,715 million as of September 30, 2020 and December 31, 2019, respectively.

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

Significant customers in lease arrangements include the affiliated entities (see Note 23). 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 ₱1,538 million and ₱2,117 million for the nine months ended September 30, 2020 and 2019, respectively.

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

	For the nine months ended September 30	
	2020 (Unaudited)	2019 (Unaudited)
EBITDA	**₱10,772,697,981**	₱12,513,357,192
Depreciation and amortization	**(3,834,186,873)**	(3,598,460,818)
Other losses - net	**(1,016,526,415)**	(261,456,812)
Income before income tax	**₱5,921,984,693**	₱8,653,439,562

Seasonality of operations

For the nine months ended September 30, 2020 and 2019, there were no seasonal aspects that had a material effect on the financial condition or results of operations of the Group. Except for the impact of the COVID-19 pandemic to the Group's operations starting March 2020, there were no trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Group is not aware of events that will cause a material change in the relationship between the costs and revenues.

6. Cash and Cash Equivalents

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)	September 30, 2019 (Unaudited)
Cash on hand and in banks	**₱10,709,844,171**	₱6,338,788,195	₱1,498,276,905
Short-term investments	**10,055,766,777**	721,650,328	705,773,084
	₱20,765,610,948	₱7,060,438,523	₱2,204,049,989

Cash in banks earns annual interest at the prevailing bank deposit rates. Short-term investments are invested for varying periods of up to nine months and earn interest at the prevailing short-term investment rates.

7. Receivables

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Trade	**₱6,575,386,165**	₱4,716,957,819
Affiliated companies	**1,256,873,527**	1,355,316,367
Others	**844,778,522**	799,732,959
	8,677,038,214	6,872,007,145
Less allowance for impairment losses	**47,676,601**	47,676,601
	8,629,361,613	6,824,330,544
Less noncurrent portion	**3,580,409,748**	3,677,362,062
	₱5,048,951,865	₱3,146,968,482

Trade receivables include installment contract receivables, rental receivables, accrued rent receivables and receivables from hotel operations. Installment contract receivables pertain to accounts collectible in monthly installments over a period of one (1) to ten (10) years and are carried at amortized cost, except for receivables from lease-to-own arrangements which are carried at fair value through OCI. Others pertain to receivable from condominium corporations, advances to officers and employees, receivable from insurance companies, accrued interest receivable and advances to various third parties.

Allowance for impairment losses on trade receivables follows:

	Rental Receivables	**Hotels Operations**	**Installment Contracts**	**Total**
Balances as at September 30, 2020 (Unaudited) and December 31, 2019 (Audited)	**₱13,905,027**	**₱14,771,574**	**₱19,000,000**	**₱47,676,601**

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

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Land use right and development cost	**₱17,018,940,934**	₱15,888,472,944
Land and condominium units	**10,873,933,985**	14,087,963,035
Residential units and subdivision land	**3,234,266,184**	3,793,355,987
Land held for development	**7,326,185,347**	2,293,105,421
	₱38,453,326,450	₱36,062,897,387

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

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

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Beginning balance	**₱36,062,897,387**	₱31,464,454,298
Construction and development costs incurred	**5,069,366,567**	8,723,176,262
Transfers (to) / from:		
Advances to lot owners	**1,341,648,000**	–
Investment properties	**1,059,841,949**	317,625,677
Property and equipment	**–**	(131,903,733)
Unrealized land cost (sale to SRPI)	**6,806,570**	(75,129,954)
Cost of real estate sales	**(5,087,234,023)**	(4,235,325,163)
	₱38,453,326,450	₱36,062,897,387

Borrowing cost capitalized amounted to ₱301 million and ₱364 million for the nine months ended September 30, 2020 and 2019, respectively. The capitalization rate used to determine the amount of borrowing costs eligible for capitalization for the nine months ended September 30, 2020 and 2019 is 4.53% and 4.58%, respectively. These amounts were included in the construction and development costs incurred (see Note 18).

The amount of subdivision land, condominium and residential units for sale recognized as cost of real estate sales in the interim consolidated statements of comprehensive income amounted to ₱5,087 million and ₱3,509 million for the nine months ended September 30, 2020 and 2019, respectively.

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

Under the Contract, the Group is entitled to transfer, lease, mortgage all or part of the state-owned construction land use right to a third party. Upon receipt of the Certificate of State-owned Land Use Right Assignment, the land title will be subdivided into Individual Property Titles which will be issued to unit owners one year after completion of the development and turn-over of the units to the buyers. When all or part of the state-owned construction land use right is transferred, through sale of commercial units and high-rise condominium units to buyers, the rights and obligations specified in the Contract and in the land registration documents shall be transferred accordingly to the buyer. The use term will be the remaining years as of the date of transfer based on the original use term specified in the Contract.

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

No subdivision land, condominium and residential units for sale were pledged as security to liabilities as of September 30, 2020 and December 31, 2019.

9. Contract Assets

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Current	**₱4,191,778,097**	₱3,007,038,670
Noncurrent	**10,933,242,540**	7,843,135,383
	₱15,125,020,637	₱10,850,174,053

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

10. Other Current Assets

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Restricted cash - escrow	**₱2,552,892,156**	₱2,533,017,832
Advances to lot owners	**1,449,749,021**	2,142,570,836
Advances to suppliers and contractors	**1,241,312,783**	1,140,769,746
Prepaid expenses	**1,376,018,395**	1,023,727,774
Input value-added tax - net	**924,702,108**	578,174,256
Supplies	**70,623,316**	69,613,798
Utility deposits	**8,192,766**	8,417,364
Others	**97,607,575**	5,488,204
	₱7,721,098,120	₱7,501,779,810

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

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

Others consist primarily of a bid deposit, creditable withholding taxes and refundable deposits made by the Group.

11. Investment Properties

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

	September 30, 2020 (Unaudited)					
	Land Held for Future Development	**Land**	**Land Improvements**	**Buildings and Improvements**	**Construction In Progress**	**Total**
Cost						
Balances at January 1, 2020	**₱21,178,572,184**	**₱16,931,290,519**	**₱362,672,459**	**₱94,031,313,016**	**₱6,972,679,469**	**₱139,476,527,647**
Additions	**25,942,640**	**1,252,046**	**8,538,081**	**758,782,125**	**6,317,083,787**	**7,111,598,679**
Reclassification and transfers - net (Notes 8 and 12)	**(995,233,505)**	**–**	**5,042,033**	**273,990,964**	**(550,241,160)**	**(1,266,441,668)**
Balances at September 30, 2020	**20,209,281,319**	**16,932,542,565**	**376,252,573**	**95,064,086,105**	**12,739,522,096**	**145,321,684,658**
Accumulated Depreciation						
Balances at January 1, 2020	**–**	**–**	**178,910,574**	**35,498,476,870**	**–**	**35,677,387,444**
Depreciation	**–**	**–**	**21,041,925**	**3,144,800,057**	**–**	**3,165,841,982**
Balances at September 30, 2020	**–**	**–**	**199,952,499**	**38,643,276,927**	**–**	**38,843,229,426**
Net Book Value	**₱20,209,281,319**	**₱16,932,542,565**	**₱176,300,074**	**₱56,420,809,178**	**₱12,739,522,096**	**₱106,478,455,232**

	December 31, 2019 (Audited)					
	Land Held for Future Development	Land	Land Improvements	Buildings and Improvements	Construction In Progress	Total
Cost						
Balances at January 1, 2019	₱21,644,110,051	₱16,401,461,680	₱371,698,367	₱86,699,272,436	₱6,314,587,588	₱131,431,130,122
Additions	69,276,337	498,975,069	33,384,747	2,754,948,866	6,355,317,188	9,711,902,207
Retirement/disposal	–	(100,000,000)	(1,370,033)	(1,106,358,267)	(39,590,100)	(1,247,318,400)
Reclassification and transfers - net (Notes 8 and 12)	(534,814,204)	130,853,770	(41,040,622)	5,683,449,981	(5,657,635,207)	(419,186,282)
Balances at December 31, 2019	21,178,572,184	16,931,290,519	362,672,459	94,031,313,016	6,972,679,469	139,476,527,647
Accumulated Depreciation						
Balances at January 1, 2019	–	–	153,490,503	31,960,543,792	–	32,114,034,295
Effect of adoption of PFRS 16	–	–	–	29,922,064	–	29,922,064
Balances at January 1, 2019, as restated	–	–	153,490,503	31,990,465,856	–	32,143,956,359
Depreciation	–	–	26,209,217	3,997,156,833	–	4,023,366,050
Retirement/disposal	–	–	(789,146)	(414,556,318)	–	(415,345,464)
Reclassification and transfers	–	–	–	(74,589,501)	–	(74,589,501)
Balances at December 31, 2019	–	–	178,910,574	35,498,476,870	–	35,677,387,444
Net Book Value	₱21,178,572,184	₱16,931,290,519	₱183,761,885	₱58,532,836,146	₱6,972,679,469	₱103,799,140,203

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

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

The construction in progress reclassified during the nine months ended September 30, 2020 and for the year ended December 31, 2019 amounted to ₱550 million and ₱5,658 million, respectively. The reclassifications in 2019 represent a mall and a warehouse in Laguna, expansions of provincial malls, office buildings in Quezon City and Luisita that have been completed during the year ended December 31, 2019 and transferred to the corresponding asset accounts such as buildings and buildings improvements and land improvements. The remaining construction in progress represents new and expansion projects in various cities in Metro Manila and other parts of Luzon and Visayas regions.

For the nine months ended September 30, 2020 and for the year ended December 31, 2019, the Group reclassified investment properties to subdivision land, condominium and residential units for sale amounting to ₱1,060 million and ₱318 million, respectively.

Depreciation expense charged to operations amounted to ₱3,166 million and ₱2,967 million for the nine months ended September 30, 2020 and 2019, respectively.

Borrowing costs capitalized amounted to ₱309 million and ₱391 million for the nine months ended September 30, 2020 and 2019, respectively. These amounts were included in the consolidated statements of cash flows under additions to investment properties. The capitalization rate used to determine the amount of borrowing costs eligible for capitalization for the nine months ended September 30, 2020 and 2019 is 4.53% and 4.58%, respectively (see Note 18).

The fair value of investment properties as of September 30, 2020 and December 31, 2019 amounted to ₱258,071 million and ₱249,203 million, respectively.

As of September 30, 2020 and December 31, 2019, fair value was measured through income approach using build-up model which the Group believes is an appropriate valuation technique since it provides an indication of value by converting future cash flow to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost saving generated by the asset. The level of fair value hierarchy within which the fair value measurements were determined is Level 3. There was no change in the valuation technique as compared to the consolidated financial statements as of and for the year ended December 31, 2019.

Rental income derived from investment properties amounted to ₱8,210 million and ₱11,077 million for the nine months ended September 30, 2020 and 2019, respectively (see Notes 5 and 24).

Property operations and maintenance costs arising from investment properties amounted to ₱337 million and ₱363 million for the nine months ended September 30, 2020 and 2019, respectively.

There are no investment properties as of September 30, 2020 and December 31, 2019 that are pledged as security to liabilities.

12. Property and Equipment

	September 30, 2020 (Unaudited)				
	Land Improvements	Buildings and Improvements	Theater Furniture and Equipment	Other Equipment	Total
Cost					
Balances at January 1, 2020	**₱37,280,715**	**₱10,022,056,451**	**₱1,236,263,555**	**₱5,180,638,619**	**₱16,476,239,340**
Additions	**–**	**506,409,260**	**–**	**118,402,865**	**624,812,125**
Retirement/Disposal	**–**	**–**	**–**	**(9,081,838)**	**(9,081,838)**
Reclassifications (Note 11)	**–**	**–**	**–**	**35,704,215**	**35,704,215**
Balances at September 30, 2020	**37,280,715**	**10,528,465,711**	**1,236,263,555**	**5,325,663,861**	**17,127,673,842**
Accumulated Depreciation					
Balances at January 1, 2020	**8,202,360**	**2,747,805,698**	**928,562,675**	**3,895,045,072**	**7,579,615,805**
Depreciation	**2,718,824**	**209,004,450**	**74,111,203**	**367,589,389**	**653,423,866**
Retirement/Disposal	**–**	**–**	**–**	**(9,081,838)**	**(9,081,838)**
Balances at September 30, 2020	**10,921,184**	**2,956,810,148**	**1,002,673,878**	**4,253,552,623**	**8,223,957,833**
Net Book Value	**₱26,359,531**	**₱7,571,655,563**	**₱233,589,677**	**₱1,072,111,238**	**₱8,903,716,009**

	December 31, 2019 (Audited)				
	Land Improvements	Buildings and Improvements	Theater Furniture and Equipment	Other Equipment	Total
Cost					
Balances at January 1, 2019	₱9,701,004	₱8,844,656,943	₱1,063,841,909	₱4,660,858,499	₱14,579,058,355
Additions	28,330,621	1,100,702,143	172,421,646	486,904,940	1,788,359,350
Retirement/disposal	(52,669)	(1,914,060)	–	(122,675,974)	(124,642,703)
Reclassifications (Notes 8 and 11)	(698,241)	78,611,425	–	155,551,154	233,464,338
Balances at December 31, 2019	37,280,715	10,022,056,451	1,236,263,555	5,180,638,619	16,476,239,340
Accumulated Depreciation					
Balances at January 1, 2019	6,242,132	2,514,458,631	835,707,509	3,378,506,011	6,734,914,283
Depreciation	2,711,138	282,754,871	92,855,166	508,593,901	886,915,076
Retirement/disposal	(52,669)	(1,914,060)	–	(114,836,326)	(116,803,055)
Reclassifications (Notes 8 and 11)	(698,241)	(47,493,744)	–	122,781,486	74,589,501
Balances at December 31, 2019	8,202,360	2,747,805,698	928,562,675	3,895,045,072	7,579,615,805
Net Book Value	₱29,078,355	₱7,274,250,753	₱307,700,880	₱1,285,593,547	₱8,896,623,535

Borrowing cost capitalized amounted to ₱60 million and ₱76 million for the nine months ended September 30, 2020 and 2019, respectively (Note 18).

There are no property and equipment items as of September 30, 2020 and December 31, 2019 that are pledged as security to liabilities.

Depreciation expense charged to operations amounted to ₱653 million and ₱616 million for the nine months ended September 30, 2020 and 2019, respectively.

13. Interests in Joint Ventures and Joint Operations

A. Interest in Joint Ventures

This account consists of the following:

	Percentage of ownership	**September 30, 2020 (Unaudited)**	December 31, 2019 (Audited)
RHK Land Corporation	60.00	**₱1,349,811,100**	₱1,375,530,317
Robinsons DoubleDragon Corp.	65.72	**674,205,116**	613,308,121
RLC DMCI Property Ventures, Inc.	50.00	**358,096,484**	361,343,210
Shang Robinsons Properties, Inc.*	50.00	**–**	–
Balance at end of year		**₱2,382,112,700**	₱2,350,181,648

**Net of deferred gain from sale of land*

Details and movements of interests in joint ventures for the nine months ended September 30, 2020 and for the year ended December 31, 2019 are as follows:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Investment in stocks - cost:		
Balance at beginning of the period	**₱2,308,024,332**	₱1,409,502,348
Additions	**65,720,000**	1,124,368,855
Elimination of interest income on the sale of land	**(36,565,282)**	(69,606,759)
Elimination of gain on sale of land to joint venture	**(68,838,559)**	(156,240,112)
Balance at end of the period	**2,268,340,491**	2,308,024,332
Accumulated equity in net earnings (loss):		
Balance at beginning of the period	**42,157,316**	(26,148,678)
Equity in net earnings during the period	**71,614,893**	68,305,994
Balance at end the period	**113,772,209**	42,157,316
	₱2,382,112,700	₱2,350,181,648

As of September 30, 2020 and December 31, 2019, there is no objective evidence that the Group's interests in joint ventures are impaired.

Joint Venture with Hong Kong Land Group
On February 5, 2018, the Parent Company's BOD approved the agreement with Hong Kong Land Group (HKLG) represented by Hong Kong Land International Holdings, Ltd. and its subsidiary Ideal Realm Limited to form a joint venture corporation (JVC).

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

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

In October 2018, the Parent Company entered into a Shareholder Loan Agreement with RHK Land (see Note 23). Repayment date falls on the fifth anniversary of the effective date (see Note 23).

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

Joint Venture with DoubleDragon Properties Corporation
On December 26, 2019, Robinsons DoubleDragon Corp. (RDDC) was incorporated as the joint venture company (JVC) between the Parent Company and DoubleDragon Corporation. The primary purpose is to engage in realty development.

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

Joint Venture with DMCI Project Developers, Inc.
In October 2018, the Parent Company entered into a Joint Venture Agreement with DMCI Project Developers, Inc. (DMCI PDI) to develop, construct, manage, and sell a residential condominium situated in Las Pinas City. Both parties agreed to incorporate a joint venture corporation where each party will hold a 50% ownership.

On March 18, 2019, RLC DMCI Property Ventures, Inc. was incorporated as the joint venture company (JVC) between the Parent Company and DMCI PDI. RLC DMCI Property Ventures, Inc., shall purchase, lease and develop real estate properties situated in Las Pinas City. The proposed project is intended to be a multi-tower residential condominium and may include commercial spaces.

The investments are accounted as joint venture using equity method of accounting because the contractual arrangement between the parties establishes joint control.

Joint Venture with Shang Properties, Inc.
On November 13, 2017, the Parent Company's BOD approved the agreement with Shang Properties, Inc. (SPI) to form a joint venture corporation (JVC).

On May 23, 2018, Shang Robinsons Properties, Inc. (SRPI), the JVC, was incorporated. Both the Parent Company and SPI each own 50% of the outstanding shares in SRPI. The office address of SRPI is at Lower Ground Floor, Cyber Sigma Building, Lawton Avenue, Fort Bonifacio Taguig.

The Parent Company and SPI, through SRPI, shall build and develop a property situated at McKinley Parkway corner 5th Avenue and 21st Drive at Bonifacio Global City, Taguig, Metro Manila. The project is intended to be a mixed-use development and may include residential condominium units, serviced apartments and commercial retail outlets. SRPI also plans to pursue other development projects.

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

In accordance with the joint venture agreement with SPI, the Parent Company agrees to extend loan to SRPI, at fair and commercial rates comparable to loans extended by third party banks and financial institutions, an amount of ₱1,000 million annually starting April 1, 2019 up to April 1, 2022. As of September 30, 2020 and December 31, 2019, the Parent Company has already extended a loan to SRPI amounting to ₱1,000 million (see Note 23).

B. <u>Joint Operations</u>

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

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

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

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

On February 7, 2011, the Parent Company entered into a joint venture agreement with Horizon Land Property & Development Corporation (HLPDC), formerly Harbour Land Realty and Development Corp and Federal Land, Inc. (FLI) to develop Axis Residences (the Project) located along Pioneer Street in Mandaluyong City. The construction of the planned 2-phase residential condominium has commenced in March 2012. One tower of first phase was completed on September 2015.

The agreed contributions of the parties follow:

a. The Parent Company: Road lot valued at ₱89 million and development costs amounting ₱1,390 million
b. FLI: Development costs amounting ₱739 million
c. HLPDC, an affiliate of FLI: Four (4) adjoining parcels of land valued at ₱739 million located along Pioneer St., Mandaluyong City, 21,109 sqm

Further, the sharing of saleable units (inventories) of real estate revenue, cost of real estate sales and any common expenses incurred, are as follows: the Parent Company-50% and FLI-50%. Based on the foregoing, the Parent Company accounted for the joint arrangement as a jointly controlled operations and accordingly, recognized its share in the installment contract receivables, subdivision land, condominium and residential units for sale, deposits to joint venture partners, accounts payable, real estate sales and cost of real estate sales of the joint operations.

On December 6, 2017, the Parent Company executed an addendum agreement with HLPDC and FLI to discontinue the development of Phase II.

The following were the agreements included in the addendum:

a. The development of the Project shall be limited to Phase 1;
b. The discontinuance shall be without fault on either of the Parties. Accordingly, HLPDC and FLI shall reimburse the Parent Company the amount of ₱193 million representing the non-development of four (4) towers of Phase II;
c. Ownership and right of possession of the parcels of land corresponding to Phase II shall remain to be with HLPDC and shall be excluded from the provisions of the JVA.
d. The perpetual right to use the Parent Company's land contribution is limited to Phase I and to the adjacent properties owned by HLPDC, FLI or its affiliates.

14. Other Noncurrent Assets

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Advances to suppliers and contractors	**₱2,455,984,979**	₱2,257,056,721
Advances to lot owners	**1,276,178,638**	1,886,052,753
Utility deposits	**724,518,051**	744,380,122
Financial assets at fair value through OCI	**115,674,297**	91,674,297
Others	**154,746,167**	154,746,167
	₱4,727,102,132	₱5,133,910,060

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

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

Utility deposits consist primarily of bill and meter deposits.

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

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

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

The lease period of the project site shall be for the twenty-five years (25) commencing on the third (3rd) project year counted from the commencement of the Construction Date, and terminating on the date 25 years thereafter. The lease shall be automatically renewed for another 25 years upon mutual agreement by the parties. The upfront fee will be offset against the rent due starting on the first (1st) year of operation of the Parent Company in the said property. As of September 30, 2020 and December 31, 2019, the Company has not yet started the “construction period” for the said property since the Provincial Government of Bulacan has not yet completed its undertakings which resulted to non-commencement of the lease.

15. Accounts Payable and Accrued Expenses

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Accounts payable	**₱8,621,274,379**	₱8,974,009,895
Dividends payable	**1,343,518,559**	43,287,603
Taxes and licenses payable	**3,616,216,951**	3,182,491,745
Accrued rent expense	**804,410,846**	927,182,324
Accrued contracted services	**462,034,274**	517,098,147
Commissions payable	**465,972,268**	405,805,820
Accrued salaries and wages	**407,318,132**	333,919,117
Accrued interest payable	**166,626,569**	321,061,312
Current portion of lease liabilities	**36,228,171**	36,016,214
Other accrued payable	**698,490,776**	681,106,048
	₱16,622,090,925	₱15,421,978,225

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.

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

Accrued rent expense represents accrual for film rentals.

16. Contract Liabilities

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Current	**₱16,427,612,051**	₱14,184,663,585
Noncurrent	**10,985,866,477**	2,958,482,166
	₱27,413,478,528	₱17,143,145,751

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

17. Deposits and Other Current Liabilities

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Deposits from lessees	**₱3,001,892,243**	₱2,928,599,269
Payables to affiliated companies (Note 23)	**234,772,676**	163,251,787
	₱3,236,664,919	₱3,091,851,056

Deposits from lessees (including noncurrent portion shown in Note 19) represent cash received in advance equivalent to three (3) to six (6) month rent which shall be refunded to lessees at the end of lease term. These are initially recorded at fair value, which was obtained by discounting its future cash flows using the applicable rates of similar types of instruments.

Included in the "Deposit from lessees" are unearned rental income amounting to ₱682 million and ₱756 million as of September 30, 2020 and December 31, 2019, respectively.

18. **Loans Payable**

Short-term loans

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Short-term loan obtained from a local bank with original maturity of January 2020. Payment was extended until July 2020. Interest rate is at 4.05% per annum as of January 2020 and at 4.80% per annum until July 2020.	**₱–**	₱5,000,000,000
Short-term loan obtained from a local bank that matured in January 2020. Interest rate is at 4.10% per annum.	**–**	2,591,700,000
Short-term loan obtained from a local bank that matured in January 2020. Interest rate is at 4.25% per annum.	**–**	900,000,000
	₱–	₱8,491,700,000

Long-term loans

	September 30, 2020	December 31, 2019
Seven-year bonds from Banco de Oro (BDO), Hongkong Shanghai Banking Corporation (HSBC), SB Capital Investment Corporation (SB Capital), Standard Chartered Bank (Standard Chartered), Development Bank of the Philippines (DBP) and East West Banking Corporation (East West) maturing on February 23, 2022. Principal payable upon maturity, with fixed rate at 4.8000%, interest payable semi-annually in arrears.	**₱10,635,500,000**	₱10,635,500,000
Seven-year term loan from MBTC maturing on March 15, 2024. Principal payable in annual installment amounting to two percent (2%) of the total drawn principal amount and the balance upon maturity, with fixed rate at 4.7500%, interest payable quarterly in arrears	**6,720,000,000**	6,860,000,000
Five-year term loan from BDO Unibank, Inc. maturing on July 8, 2021. Principal payable upon maturity, with fixed rate at 3.8327%, interest payable quarterly in arrears.	**6,500,000,000**	6,500,000,000
Seven-year term loan from Bank of the Philippine Islands (BPI) maturing on August 10, 2023. Principal payable in annual installment amounting to ₱10 million for six years and the balance upon maturity, with fixed rate at 3.8900%, interest payable quarterly in arrears.	**4,960,000,000**	4,970,000,000
Ten-year term loan from BPI maturing on February 13, 2027. Principal payable in annual installment amounting to ₱5 million for nine years and the balance upon maturity, with fixed rate at 4.9500%, interest payable quarterly in arrears	**4,485,000,000**	4,490,000,000
Ten-year bonds from BDO and Standard Chartered maturing on February 23, 2025. Principal payable upon maturity, with fixed rate at 4.9344%, interest payable semi-annually in arrears.	**1,364,500,000**	1,364,500,000
Five-year term loan from BDO Unibank, Inc. maturing on June 30, 2025. Principal payable upon maturity, with fixed rate at 4.7500%, interest payable quarterly in arrears.	**6,000,000,000**	–
Three-year bonds maturing on July 17, 2023. Principal payable upon maturity, with fixed rate at 3.6830%, interest payable semi-annually in arrears.	**12,763,070,000**	–
Five-year bonds maturing on July 17, 2025. Principal payable upon maturity, with fixed rate at 3.8000%, interest payable semi-annually in arrears.	**427,210,000**	–
	53,855,280,000	34,820,000,000
Less debt issue costs	**275,623,328**	104,727,824
Long-term portion net of debt issue costs	**53,579,656,672**	34,715,272,176
Less current portion	**155,000,000**	155,000,000
Noncurrent portion of long-term loans	**₱53,424,656,672**	₱34,560,272,176

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 ₱1,011 million and ₱436 million for the nine months ended September 30, 2020 and 2019, respectively.

Capitalized borrowing cost amounted to ₱670 million and ₱831 million for the nine months ended September 30, 2020 and 2019, respectively (see Notes 8, 11 and 12).

Seven-year bonds from BDO, HSBC, SB Capital, Standard Chartered, DBP, and East West maturing on February 23, 2022
On February 23, 2015, the Group issued ₱10,636 million bonds constituting direct, unconditional, unsubordinated, and unsecured obligations of the Parent Company and shall at all times rank pari passu and without preference among themselves and among any present and future unsubordinated and unsecured obligations of the Parent Company, except for any statutory preference or priority established under Philippine law. The net proceeds of the issue shall be used by the Parent Company to refinance existing debt obligations and to partially fund investment capital expenditures.

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

Debt Covenants
The Group is required to maintain a debt-to-equity ratio not exceeding 2:1 as referenced from its consolidated financial statements as of its fiscal year end September 30 and consolidated interim financial statements as at June 30. The Group has complied with the debt covenant as of September 30, 2020 and December 31, 2019.

Seven-year term loan from Metropolitan Bank and Trust Company maturing on March 15, 2024
On March 15, 2017, the Group borrowed ₱7,000 million under Term Loan Facility Agreements with Metropolitan Bank and Trust Company.

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

Debt Covenants
The Group is required to maintain a ratio of consolidated total borrowings to consolidated shareholders' equity not exceeding 2:1 as referenced from its consolidated audited financial statements as of its calendar year end December 31 and the consolidated interim financial statements as of March 31, June 30, and September 30. The Group has complied with the debt covenant as of September 30, 2020 and December 31, 2019.

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, 2020 and December 31, 2019.

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

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

Debt Covenants
The Group is required to maintain a debt-to-equity not exceeding 2:1 as referenced from its consolidated audited financial statements as of its fiscal year end September 30 and consolidated interim financial statements as at March 31. The Group has complied with the debt covenant as of September 30, 2020 and December 31, 2019.

<u>Ten-year term loan from BPI maturing on February 13, 2027</u>
On February 10, 2017, the Group borrowed ₱4,500 million under Term Loan Facility Agreements with Bank of the Philippine Islands.

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

Partial payment for this loan amounting to ₱5 million was made on February 13, 2020 and 2019.

Debt Covenants
The Group is required to maintain a ratio of net debt-to-equity not exceeding 2:1 as measured at each fiscal year-end date based on the audited consolidated financial statements. The Group has complied with the debt covenant as of September 30, 2020 and December 31, 2019.

<u>Ten-year bonds from BDO and Standard Chartered maturing on February 23, 2025</u>
On February 23, 2015, the Group issued ₱1,365 million bonds constituting direct, unconditional, unsubordinated, and unsecured obligations of the Parent Company and shall at all times rank pari passu and without preference among themselves and among any present and future unsubordinated and unsecured obligations of the Parent Company, except for any statutory preference or priority established under Philippine law. The net proceeds of the issue shall be used by the Parent Company to refinance existing debt obligations and to partially fund investment capital expenditures.

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

Debt Covenants
The Group is required to maintain a debt-to-equity not exceeding 2:1 as referenced from its consolidated audited financial statements as of its fiscal year end September 30 and consolidated interim financial statements as at March 31. The Group has complied with the debt covenant as of September 30, 2020 and December 31, 2019.

<u>Five-year term loan from BDO Unibank, Inc. maturing on June 30, 2025</u>
On June 30, 2020, the Group borrowed ₱6,000 million under Term Loan Facility Agreements with BDO Unibank, Inc.

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

Debt 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, 2020 and December 31, 2019.

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

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

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

Debt Covenants

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

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

In 2017, Chengdu Xin Yao entered into a facility loan agreement with ABC amounting to RMB500 million. On August 22, 2017, Chengdu Xin Yao made a drawdown amounting to RMB60 million (₱458 million) which is payable after a period of 5 years. Interest on the loan shall be based on the rates released by the People's Bank of China which is 4.75% per annum as of loan agreement date.

In 2018, Chengdu Xin Yao made an additional drawdown amounting to RMB156 million (₱1,193 million) which is payable on August 19, 2022.

In 2019, the Group pre-terminated and paid in full the total loan from this bank amounting to RMB216 million (₱1,651 million).

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	5-10 years	Total
September 30, 2020	**₱155,000,000**	**₱6,645,000,000**	**₱23,553,570,000**	**₱11,245,000,000**	**₱12,256,710,000**	**₱53,855,280,000**
December 31, 2019	₱155,000,000	₱6,655,000,000	₱10,790,500,000	₱5,085,000,000	₱12,134,500,000	₱34,820,000,000

Debt issue cost

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Beginning balance	**₱104,727,824**	₱137,588,327
Additions	**209,317,147**	–
Amortizations	**(38,421,643)**	(32,860,503)
Ending balance	**₱275,623,328**	₱104,727,824

19. Deposits and Other Noncurrent Liabilities

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Deposits from lessees	**₱3,250,918,012**	₱3,171,544,926
Lease liabilities	**1,911,048,845**	1,899,868,024
Retention payable	**634,579,460**	454,267,761
Pension liabilities	**352,222,062**	361,239,256
Advances and others	**484,700,020**	454,564,332
	₱6,633,468,399	₱6,341,484,299

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

Advances and others include advances for marketing and promotional fund for sales promotions and marketing programs and payable to the non-controlling interests of the Parent Company's subsidiaries.

20. Retained Earnings

Restriction
A portion of the unappropriated retained earnings representing the undistributed net earnings of subsidiaries amounting to ₱3,060 million as of September 30, 2020 and ₱3,252 million as of December 31, 2019 are not available for dividend declaration until received in the form of dividends. Also, ₱27,000 million of retained earnings appropriated for future and ongoing expansions as of September 30, 2020 and December 31, 2019 are also not available for dividends.

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

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

Cash Dividends Declared
The BOD declared cash dividends in favor of all its stockholders for the nine months ended September 30, 2020 and 2019 as follows:

	September 30, 2020		June 30, 2019
Date of declaration	**May 13, 2020**		May 29, 2019
Date of payment	**July 7, 2020**	**October 27, 2020**	July 12, 2019
Ex-dividend rate	**June 10, 2020**	**October 1, 2020**	June 18, 2019
Dividend per share	**₱0.25**	**₱0.25**	₱0.50
Total dividends	**₱1,298,457,671**	**₱1,298,457,671**	₱2,596,915,343

21. **Capital Stock**

The details of the number of common shares as follow:

	September 30, 2020 (Unaudited)		December 31, 2019 (Audited)	
	Shares	**Amount**	Shares	Amount
Authorized - at ₱1 par value	**8,200,000,000**	**₱8,200,000,000**	8,200,000,000	₱8,200,000,000
Issued and outstanding	**5,193,830,685**	**₱5,193,830,685**	5,193,830,685	₱5,193,830,685

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.

The computation of the Group's gross debt-to-capital ratio is as follows:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
(a) Loans payable (Note 18)	**₱53,855,280,000**	₱43,311,700,000
(b) Equity	**₱101,259,747,908**	₱99,508,809,473
(c) Gross debt-to-capital ratio (a/b)	**0.53:1**	0.44:1

As of September 30, 2020 and December 31, 2019, the Group is compliant with its debt covenants with lenders.

22. **Basic/Diluted Earnings Per Share**

Earnings per share amounts for the nine months ended September 30 were computed as follows:

	2020 (Unaudited)	2019 (Unaudited)
a. Net income attributable to equity holders of Parent Company	**₱4,399,333,810**	₱6,345,869,980
b. Weighted average number of common shares outstanding adjusted	**5,193,830,685**	5,193,830,685
c. Earnings per share (a/b)	**₱0.85**	₱1.22

There were no potential dilutive shares in 2020 and 2019.

23. **Related Party Transactions**

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

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

		September 30, 2020			
		Amount/ Volume	Receivable (Payable)	Terms	Conditions
Ultimate Parent Company					
a)	Rental income/receivable	**₱61,878,322**	**₱56,406,050**	Three to five year lease terms at prevailing market lease rates; renewable at the end of lease term	Unsecured; no impairment
b)	Advances from	**(34,458,509)**	**(136,310,277)**	Non-interest bearing; due and demandable	Unsecured
Under common control of Ultimate Parent Company					
c)	Cash and cash equivalents				
	• Cash in banks	**(700,652,085)**	**494,041,154**	Interest bearing at prevailing market rate; at 1.00% to 1.13% per annum due and demandable	Unsecured; no impairment
	• Short-term investments	**7,983,596,882**	**7,983,596,882**	Interest bearing at prevailing market rate; at 1.13% to 3.50% per annum due and demandable	Unsecured; no impairment
	• Interest income	**3,916,739**	**10,587,256**		
a)	Rental income/receivable	**1,476,476,393**	**236,058,268**	Three to twenty year lease terms at prevailing market lease rate; renewable at the end of lease term	Unsecured; no impairment
b)	Advances to	**1,557,160**	**26,873,527**	Non-interest bearing; due and demandable	Unsecured; no impairment
b)	Advances from	**(37,062,380)**	**(98,462,399)**	Non-interest bearing; due and demandable	Unsecured
Joint ventures in which the Parent Company is a venturer					
b)	Advances to	**(100,000,000)**	**1,230,000,000**	Interest-bearing at PDST R2 of applicable interest period	Unsecured; no impairment
f)	Sale of land - contract liabilities	–	**(2,705,550,000)**	Non-interest bearing; due in one year	Unsecured; no impairment
g)	Sale of land - contract assets	–	**3,008,940,000**	Interest bearing at 4% interest rate; with remaining 3 annual installments	Unsecured; no impairment
	Elimination of excess of gain on sale against investment in joint venture	–	**(967,792,647)**		
	Interest income from sale of land - contract assets	**61,289,263**	**61,289,263**		
	Elimination of excess of interest income against investment in joint venture – contract liabilities	**41,970,447**	**(41,970,447)**		
Other related parties					
b)	Advances to	**100,977**	**375,376,524**	Non-interest bearing; due and demandable	Unsecured; no impairment
			₱9,533,083,154		

		December 31, 2019			
		Amount/ Volume	Receivable (Payable)	Terms	Conditions
Ultimate Parent Company					
a)	Rental income/receivable	₱115,670,106	₱4,495,516	Three to five year lease terms at prevailing market lease rates; renewable at the end of lease term	Unsecured; no impairment
b)	Advances from	(99,461,639)	(101,851,768)	Non-interest bearing; due and demandable	Unsecured
Under common control of Ultimate Parent Company					
c)	Cash and cash equivalents				
	• Cash in banks	382,884570	1,194,693,239	Interest bearing at prevailing market rate; at 1.00% to 1.13% per annum due and demandable	Unsecured; no impairment
	• Short-term investments	721,650,328	721,650,328	Interest bearing at prevailing market rate; at 1.13% to 3.50% per annum due and demandable	Unsecured; no impairment
	• Interest income	15,666,957	229,557		
a)	Rental income/receivable	2,881,473,517	119,716,903	Three to twenty year lease terms at prevailing market lease rate; renewable at the end of lease term	Unsecured; no impairment
b)	Advances to	7,680,843	25,316,367	Non-interest bearing; due and demandable	Unsecured; no impairment
b)	Advances from	30,912,648	(61,400,019)	Non-interest bearing; due and demandable	Unsecured
Joint ventures in which the Parent Company is a venturer					
b)	Advances to	1,140,000,000	1,330,000,000	Interest-bearing at PDST R2 of applicable interest period	Unsecured; no impairment
e)	Sale of land	217,380,000	–	Non-interest bearing	Unsecured; no impairment
	Cost of land sold	(80,087,427)	–		
f)	Sale of land - contract liabilities	–	(2,705,550,000)	Non-interest bearing; due in one year	Unsecured; no impairment
g)	Sale of land - contract assets	–	3,008,940,000	Interest bearing at 4% interest rate; with remaining 3 annual installments	Unsecured; no impairment
	Elimination of excess of gain on sale against investment in joint venture	–	(1,003,834,662)		
	Interest income from sale of land - contract assets	141,959,070	141,959,070		
	Elimination of excess of interest income against investment in joint venture – contract liabilities	70,979,535	(70,979,535)		
Other related parties					
b)	Advances to	77,439,650	375,275,547	Non-interest bearing; due and demandable	Unsecured; no impairment
			₱2,978,660,543		

Outstanding balances consist of the following:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Cash and cash equivalents (Note 6)	**₱8,477,638,036**	₱1,916,343,567
Receivable from affiliated companies (Note 7)	**1,256,873,527**	1,355,316,367
Advances to lot owners (Note 14)	**375,376,524**	375,275,547
Rental receivables (Note 7)	**292,464,318**	124,212,419
Others (Note 7)	**10,587,256**	229,557
Contract assets (Note 9)	**3,070,229,263**	3,150,899,070
Contract liabilities (Note 16)	**(3,715,313,094)**	(3,780,364,197)
Payable to affiliated companies (Note 17)	**(234,772,676)**	(163,251,787)
	₱9,533,083,154	₱2,978,660,543

Significant transactions with related parties are as follows:

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

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

In October 2018, the Parent Company entered a Loan Agreement with RHK Land Corporation, a joint venture with Hong Kong Land Group, to make available a loan facility amounting to ₱1,400 million. As of September 30, 2020 and December 31, 2019, total drawdown from this credit facility is ₱330 million of which ₱100 million have already been paid.

For the nine months ended September 30, 2020 and 2019, the Parent Company has made advances to shareholders of BRFLC amounting to ₱0.1 million and ₱77 million, respectively, for the purchase of parcels of land.

On June 13, 2019, the Parent Company has made advances to SRPI amounting to ₱1,000 million in accordance with the joint venture agreement. The advances remain outstanding as of September 30, 2020 and December 31, 2019.

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

d) *Sale of lease receivables*
On May 26, 2017, the Parent Company entered into a master agreement with an affiliate bank to sell the former's installment contract receivable from its lease-to-own arrangements on a without recourse basis through various tranches. No installment contract receivables from lease-to-own arrangements were sold in 2020 and 2019.

e) *Sale of Land – RLC DMCI Property Ventures, Inc.*
On April 12, 2019, the Parent Company entered a contract to sell a portion of its two (2) parcels of land situated in Las Pinas City, with RLC DMCI Property Ventures, Inc. (RLC DMCI), a joint venture with DMCI Property Developers, Inc. Total selling price is ₱435 million (net of value-added tax) while the cost of the land sold is ₱160 million. This was paid in full on May 9, 2019.

f) *Sale of Land – RHK Land Corporation*
In 2018, the Parent Company also entered into a contract to sell a parcel of land located within the Bridgetowne Complex in Pasig City with RHK Land Corporation. Total selling price of the land is ₱2,706 million (net of value-added tax) which was fully paid as of December 31, 2018 and presented as contract liabilities in consolidated statements of financial position as of September 30, 2020 and December 31, 2019.

g) *Sale of Land – Shang Robinsons Properties, Inc.*
In June 2018, the Parent Company entered into a contract to sell two (2) adjoining parcels of land located at Bonifacio, Global City Taguig, with Shang Robinsons Properties Inc. (SRPI), a joint

venture with Shang Properties, Inc. (SPI). Total selling price is ₱5,015 million (net of value-added tax) and shall be payable in five (5) annual installments, with interest at a rate of 4% per annum on the unpaid amount of the purchase price. Out of the amount of selling price and cost of land, ₱2,507 million and ₱398 million were recognized in real estate sales and cost of real estate sales, respectively. These amounts represent the portion sold to SPI by virtue of its 50% ownership in SRPI. The remaining 50% will be recognized as the SRPI starts to sell to its customers. For the nine months ended September 30, 2020, the Parent Company realized ₱43 million from this deferred gain.

As of September 30, 2020, ₱1,098 million was charged against the carrying value of the Investment in SRPI and ₱3,715 million is currently presented under noncurrent contract liabilities. Outstanding balance for the purchase price amounted to ₱2,006 million presented under contract assets while interest from the said receivable amounted to ₱149 million.

Terms and conditions of transactions with related parties

There have been no guarantees provided or received for any related party receivables or payables. The Group has not recognized any impairment losses on amounts receivables from related parties for the nine months ended September 30, 2020 and 2019. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

Compensation of key management personnel by benefit type follows:

	September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)
Short-term employee benefits	**₱909,380,478**	₱934,122,801
Post-employment benefits	**18,615,309**	5,951,792
	₱927,995,787	₱940,074,593

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

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

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

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

Aggregate RPT transactions within a 12-month period that meets or breaches the materiality threshold shall require the same Board approval in item number five (5) above.

24. **Revenue**

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

	September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)
Revenue from contracts with customers		
Recognized over time		
Residential development	**₱9,509,860,680**	₱6,919,365,603
Industrial and integrated developments	**85,068,299**	273,330,248
	9,594,928,979	7,192,695,851
Recognized at a point in time		
Hotels and resorts	**856,415,515**	1,692,231,756
Amusement income	**219,664,010**	1,574,601,133
	1,076,079,525	3,266,832,889
Total revenue from contracts with customers	**10,671,008,504**	10,459,528,740
Rental income	**8,209,920,874**	11,077,123,041
Other income	**1,123,302,745**	1,040,269,979
	₱20,004,232,123	₱22,576,921,760

Performance obligations

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

Real estate sales

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

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

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

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

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

Residential development
All of the Group's real estate sales from residential development are revenue from contracts with customers recognized over time.

Real estate sales include interest income from installment contract receivable amounting to ₱273 million and ₱106 million for the nine months ended September 30, 2020 and 2019, respectively. These are also recognized over time.

Industrial and integrated developments
The real estate revenues amounting to ₱85 million and ₱273 million for the nine months ended September 30, 2020 and 2019, respectively, pertain to the sale of parcels of land which were recognized at a point in time.

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

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Balance at the beginning of the period	**₱230,171,138**	₱283,276,408
Additions	**601,010,939**	609,096,655
Amortization (Note 25)	**(585,329,783)**	(662,201,925)
Balance at the end of the period	**₱245,852,293**	₱230,171,138

25. Costs and General and Administrative Expenses

Costs
Costs of rental services is composed of depreciation and amortization, property and operations and maintenance costs and accretion of security deposits.

Costs of hotel operations is composed of cost of room services broken down into property operations and maintenance costs and depreciation and amortization, costs of food and beverage and others which is composed mainly of salaries and wages, contracted services, management fee and supplies

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

General and Administrative Expenses

	September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)
Taxes and licenses	**₱652,675,444**	₱759,222,092
Commission	**585,329,783**	640,120,567
Salaries and wages	**791,611,185**	789,079,717
Advertising and promotions	**170,091,393**	422,961,140
Association dues	**108,592,210**	95,244,572
Insurance	**107,321,067**	150,329,802
Light, water and communication	**73,986,321**	66,281,326
Supplies	**30,034,826**	70,148,191

(forward)

	September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)
Travel and transportation	**17,926,955**	38,905,452
Entertainment, amusement and recreation	**6,586,092**	9,383,951
Rent	**53,227,186**	71,562,714
Others	**25,130,006**	34,034,351
	₱2,622,512,468	₱3,147,273,875

26. 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:

	September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)
Current		
RCIT	**₱1,020,852,157**	₱2,271,028,135
Final tax	**12,823,442**	7,600,557
MCIT	**1,045,431**	3,667,661
	1,034,721,030	2,282,296,353
Deferred	**490,543,573**	24,754,141
	₱1,525,264,603	₱2,307,050,494

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

	September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)
Statutory income tax rate	**30.00%**	30.00%
Reductions in income tax resulting from:		
Interest income subjected to final tax	**(1.09)**	(0.85)
Tax exempt real estate sales	**(0.18)**	(0.25)
Income subjected to BOI, PEZA and lower tax	**(2.98)**	(2.24)
Effective income tax rate	**25.75%**	26.66%

Deferred Income Taxes
Deferred tax assets as of September 30, 2020 and December 31, 2019 relate to the tax effects of lease liabilities, pension liabilities, accrued interest expense, allowance for impairment loss, accrued commissions and MCIT which amounted to ₱950 million and ₱873 million, respectively.

Deferred tax liabilities as of September 30, 2020 and December 31, 2019 relate to the tax effects of excess of real estate revenue based on percentage-of-completion over real estate revenue based on tax rules, unamortized capitalized interest expense, accrued rent income, right-of-use assets, unamortized debt issuance cost and fair value reserve of financial assets at FVOCI which amounted to ₱5,673 million and ₱5,241 million, respectively.

The net deferred tax liabilities as at September 30, 2020 and December 31, 2019 amounted to ₱4,723 million and ₱4,368 million, 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 ₱13 million and ₱9 million as of September 30, 2020 and December 31, 2019, respectively. The deferred tax assets of the above deductible temporary differences for which no deferred tax assets have been recognized amounted to ₱4 million and ₱3 million as of September 30, 2020 and December 31, 2019.

The carryover NOLCO that can be claimed as deduction from future taxable income and MCIT that can be used as deductions against income tax liabilities are as follows:

Period of recognition	Amount	Period of expiration
NOLCO		
September 30, 2020	₱4,226,094	December 31, 2023
December 31, 2019	8,613,865	December 31, 2022
December 31, 2017	517,845	December 31, 2020
	₱13,357,804	

Period of recognition	Amount	Period of expiration
MCIT		
September 30, 2020	₱1,045,431	December 31, 2023
December 31, 2019	4,699,110	December 31, 2022
December 31, 2018	403,217	December 31, 2021
December 31, 2017	315,448	December 31, 2020
	₱6,463,206	

27. Financial Risk Management Objectives and Policies

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

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

Risk Management Structure

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

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

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

Audit Committee
The AC shall assist the Group's BOD in its fiduciary responsibility for the over-all effectiveness of risk management systems, and both the internal and external audit functions of the Group. Furthermore, it is also the AC's purpose to lead in the general evaluation and to provide assistance in the continuous improvements of risk management, control and governance processes.

The AC also aims to ensure that:

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

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

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

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

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

<u>Risk Management Policies</u>
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.

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 Chinese Renminbi (RMB) and United States Dollar (USD) which result primarily from movement of the Philippine Peso (PHP) against RMB and USD.

The Group does not have any foreign currency hedging arrangements.

The Group does not expect the impact of the volatility on other currencies to be material.

	September 30, 2020 (Unaudited)		December 31, 2019 (Audited)	
Assets				
Cash and cash equivalents	**$73,687,052**	**₱3,571,243,021**	$900,147	₱45,578,947
Liabilities				
Accounts payable and accrued expenses	**479,652**	**23,246,306**	483,259	24,469,776
Net foreign currency-denominated assets	**$73,207,400**	**₱3,547,996,715**	$416,888	₱21,109,171

	September 30, 2020 (Unaudited)		December 31, 2019 (Audited)	
Assets				
Cash and cash equivalents	**RMB1,382,390,891**	**₱9,831,011,063**	RMB659,901,092	₱4,798,668,758
Liabilities				
Accounts payable and accrued expenses	**40,430,553**	**287,525,923**	101,213,015	736,000,799
Net foreign currency-denominated assets	**RMB1,341,960,338**	**₱9,543,485,140**	RMB558,688,077	₱4,062,667,959

The exchange rates used to translate the Group's USD-denominated assets and liabilities as of September 30, 2020 and December 31, 2019 follow:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
US Dollar - Philippine Peso exchange rate	**₱48.47 to US$1.00**	₱50.64 to US$1.00

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Chinese Yuan - Philippine Peso exchange rate	**₱7.12 to RMB1.00**	₱7.27 to RMB1.00

The following table sets forth the impact of the range of reasonably possible changes in the USD-PHP exchange rate on the Group's income before income tax for the nine months ended September 30, 2020 and 2019.

Reasonably Possible Changes in USD-PHP Exchange Rates	Change in Income Before Income Tax
September 30, 2020 (Nine months)	
2.0% PHP appreciation	**(₱70,959,933)**
2.0% PHP depreciation	**70,959,933**
September 30, 2019 (Nine months)	
2.0% PHP appreciation	(₱1,884,527)
2.0% PHP depreciation	1,884,527

Reasonably Possible Changes in RMB-PHP Exchange Rates	Change in OCI
September 30, 2020 (Nine months)	
2.0% PHP appreciation	**(₱190,869,703)**
2.0% PHP depreciation	**190,869,703**
September 30, 2019 (Nine months)	
2.0% PHP appreciation	(₱15,337,544)
2.0% PHP depreciation	15,337,544

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.

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. Its diversified earnings mix provides a solid financial base for the Group, and a stable source of funds for business expansion and other capital requirements. For its operating expenses, the Group maintains a sufficient level of cash and cash equivalents.

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. The Group likewise maintains short-term revolving credit facilities.

Balances due within nine (9) months equal their carrying amounts, as the impact of discounting is insignificant.

	September 30, 2020 (Unaudited)					
	On Demand	**1 to 3 months**	**4 to 12 months**	**More than 1 year but less than 5 years**	**5 years or more**	**Total**
Financial assets at amortized cost						
Cash and cash equivalents	**₱10,709,844,171**	**₱10,055,766,777**	**₱–**	**₱–**	**₱–**	**₱20,765,610,948**
Receivables						
Trade	**3,311,422,740**	**679,858,767**	**186,018,309**	**838,768,306**	**1,511,641,442**	**6,527,709,564**
Affiliated companies	**1,256,873,527**	**–**	**–**	**–**	**–**	**1,256,873,527**
Others	**37,305,342**	**736,678,165**	**70,795,015**	**–**	**–**	**844,778,522**
Other assets						
Restricted cash	**2,552,892,156**	**–**	**–**	**–**	**–**	**2,552,892,156**
Utility deposits	**8,192,766**	**–**	**–**	**497,246,667**	**227,271,384**	**732,710,817**
Total financial assets	**17,876,530,702**	**11,472,303,709**	**256,813,324**	**1,336,014,973**	**1,738,912,826**	**32,680,575,534**
Contract assets	**–**	**1,431,858,010**	**2,759,920,087**	**4,714,189,422**	**6,219,053,118**	**15,125,020,637**
Total financial assets and contract assets	**₱17,876,530,702**	**₱12,904,161,719**	**₱3,016,733,411**	**₱6,050,204,395**	**₱7,957,965,944**	**₱47,805,596,171**
Accounts payable and accrued expenses	**₱3,628,613,480**	**₱6,375,931,622**	**₱3,001,328,872**	**₱642,345,171**	**₱2,255,505,196**	**₱15,903,724,341**
Payables to affiliated companies and others (included under Deposits and other current liabilities)	**234,772,676**	**–**	**–**	**–**	**–**	**234,772,676**
Deposits from lessees	**–**	**1,583,588,888**	**1,653,076,031**	**1,809,042,910**	**1,441,875,102**	**6,487,582,931**
Lease liabilities	**–**	**11,317,852**	**24,910,319**	**148,498,254**	**1,762,550,591**	**1,947,277,016**
Loans payable and future interest payment	**–**	**9,645,999,612**	**3,388,202,630**	**36,402,580,456**	**4,026,352,514**	**53,463,135,212**
Other financial liabilities	**₱3,863,386,156**	**₱17,616,837,974**	**₱8,067,517,852**	**₱39,002,466,791**	**₱9,486,283,403**	**₱78,036,492,176**

	December 31, 2019 (Audited)					
	On Demand	1 to 3 months	4 to 12 months	More than 1 year but less than 5 years	5 years or more	Total
Financial assets at amortized cost						
Cash and cash equivalents	₱6,338,788,195	₱721,650,328	₱–	₱–	₱–	₱7,060,438,523
Receivables						
Trade	1,257,572,139	888,786,336	175,560,681	824,696,821	1,522,665,241	4,669,281,218
Affiliated companies	1,355,316,367	–	–	–	–	1,355,316,367
Others	35,316,134	697,396,765	67,020,060	–	–	799,732,959
Other assets						
Restricted cash	2,533,017,832	–	–	–	–	2,533,017,832
Utility deposits	8,417,364	–	–	510,878,279	233,501,843	752,797,486
Total financial assets	11,528,428,031	2,307,833,429	242,580,741	1,335,575,100	1,756,167,084	17,170,584,385

(forward)

	December 31, 2019 (Audited)					
	On Demand	1 to 3 months	4 to 12 months	More than 1 year but less than 5 years	5 years or more	Total
Contract assets	–	1,027,166,111	1,979,872,559	3,381,798,741	4,461,336,642	10,850,174,053
Total financial assets and contract assets	₱11,528,428,031	₱3,334,999,540	₱2,222,453,300	₱4,717,373,841	₱6,217,503,726	₱28,020,758,438
Accounts payable and accrued expenses	₱3,414,792,863	₱6,000,221,826	₱2,824,471,791	₱601,897,208	₱2,113,477,833	₱14,954,861,521
Payables to affiliated companies and others (included under Deposits and other current liabilities)	163,251,787	–	–	–	–	163,251,787
Deposits from lessees	–	1,432,862,955	1,495,736,314	1,764,874,057	1,406,670,869	6,100,144,195
Lease liabilities	–	11,251,636	24,764,578	147,629,447	1,752,238,577	1,935,884,238
Loans payable and future interest payment	–	9,168,537,285	1,010,879,696	28,726,359,279	4,697,440,697	43,603,216,957
Other financial liabilities	₱3,578,044,650	₱16,612,873,702	₱5,355,852,379	₱31,240,759,991	₱9,969,827,976	₱66,757,358,698

Interest rate risk
Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk for changes in market interest rates relates primarily to the Group's long-term debt obligation with a floating interest rate.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts, whenever it's advantageous to the Group.

The Group has no financial instruments with variable interest rates exposed to interest rate risk as of September 30, 2020 and December 31, 2019.

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, 2020 and December 31, 2019 without considering the effects of collaterals and other credit risk mitigation techniques:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Cash and cash equivalents (net of cash on hand)	**₱20,739,210,521**	₱7,031,435,021
Receivables - net		
Trade receivables	**6,527,709,564**	4,669,281,218
Affiliated companies	**1,256,873,527**	1,355,316,367
Other receivables	**844,778,522**	799,732,959

(forward)

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Contract assets	**15,125,020,637**	10,850,174,053
Other assets		
Restricted cash - escrow	**2,552,892,156**	2,533,017,832
Utility deposits	**732,710,817**	752,797,486
Equity assets at fair value through OCI	**115,674,297**	91,674,297
	₱47,894,870,041	₱28,083,429,233

The credit risk on installment contract receivables is mitigated because the corresponding title to the subdivision units sold under this arrangement is transferred to the buyers only upon full payment of the contract price.

Applying the expected credit risk model did not result in the recognition of an impairment loss for all financial assets at amortized cost for the nine months ended September 30, 2020 and 2019.

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, 2020 and December 31, 2019, gross of allowance for credit and impairment losses:

	September 30, 2020 (Unaudited)					
	Neither Past Due Nor Impaired					
	High Grade	**Standard Grade**	**Substandard Grade**	**Past Due but not Impaired**	**Past Due and Impaired**	**Total**
Cash and cash equivalents	**₱20,739,210,521**	**₱–**	**₱–**	**₱–**	**₱–**	**₱20,739,210,521**
Receivables:						
Trade receivables	**3,464,044,038**	**–**	**–**	**3,063,665,526**	**47,676,601**	**6,575,386,165**
Affiliated companies	**1,256,873,527**	**–**	**–**	**–**	**–**	**1,256,873,527**
Other receivables	**844,778,522**	**–**	**–**	**–**	**–**	**844,778,522**
Other assets						
Restricted cash	**2,552,892,156**	**–**	**–**	**–**	**–**	**2,552,892,156**
Utility deposits	**732,710,817**	**–**	**–**	**–**	**–**	**732,710,817**
Equity assets at fair value through OCI	**115,674,297**	**–**	**–**	**–**	**–**	**115,674,297**
	₱29,706,183,878	**₱–**	**₱–**	**₱3,063,665,526**	**₱47,676,601**	**₱32,817,526,005**

	December 31, 2019 (Audited)					
	Neither Past Due Nor Impaired					
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Past Due and Impaired	Total
Cash and cash equivalents	₱7,031,435,021	₱–	₱–	₱–	₱–	₱7,031,435,021
Receivables:						
Trade receivables	3,411,709,079	–	–	1,257,572,139	47,676,601	4,716,957,819
Affiliated companies	1,355,316,367	–	–	–	–	1,355,316,367
Other receivables	799,732,959	–	–	–	–	799,732,959
Other assets						
Restricted cash	2,533,017,832	–	–	–	–	2,533,017,832
Utility deposits	752,797,486	–	–	–	–	752,797,486
Equity assets at fair value through OCI	91,674,297	–	–	–	–	91,674,297
	₱15,975,683,041	₱–	₱–	₱1,257,572,139	₱47,676,601	₱17,280,931,781

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.

28. Fair Value of 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.

	September 30, 2020 (Unaudited)		December 31, 2019 (Audited)	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Installment contract receivables				
Measured at amortized cost	**₱2,015,906,612**	**₱1,945,307,515**	₱304,213,221	₱293,559,365
Measured at FVOCI	**817,535,534**	**817,535,534**	990,081,179	990,081,179
Equity investment at FVOCI	**115,674,297**	**115,674,297**	91,674,297	91,674,297
Deposits from lessees	**6,252,810,255**	**5,673,926,486**	6,100,144,195	5,535,394,216
Loans payable	**53,579,656,672**	**42,396,135,212**	34,715,272,176	35,111,516,957

The fair values of installment contracts receivables, deposits from lessees, lease liabilities and loans payable are based on the discounted value of future cash flows using the applicable rates for similar types of loans and receivables as of reporting. The fair value of these financial instruments is determined by discounting future cash flows using the applicable rates of similar types of instruments plus a certain spread. This spread is the unobservable input and the effect of changes to this is that the higher the spread, the lower the fair value

The fair value of equity investment at FVOCI is determined using the discounted cash flow method using the applicable rates as of September 30, 2020 and December 31, 2019.

<u>Fair Value Hierarchy</u>
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.

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

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.

29. Commitments and Contingencies

Operating Lease Commitments - Group as Lessor
The Group has entered into commercial property leases on its investment property portfolio. These non-cancellable leases have remaining non-cancellable lease terms of between 1 and 10 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions. The lease contracts also provide for the percentage rent, which is a certain percentage of actual monthly sales or minimum monthly gross sales, whichever is higher. Total rent income amounted to ₱8,209 million and ₱11,077 million for the nine months ended September 30, 2020 and 2019, respectively. Total percentage rent recognized as income for the nine months ended September 30, 2020 and 2019 amounted to ₱1,825 million and ₱2,853 million, respectively.

In March 2020, as a result of the COVID-19 pandemic and the enhanced community quarantine implemented by the Philippine government, the Group has granted rent concession to its selected mall and office building tenants.

Finance Lease Commitments - Group as Lessor
The Group has significantly entered into residential property leases on its residential condominium unit's portfolio. These leases have lease period of 5 to 10 years and the lessee is given the right to purchase the property anytime within the lease period provided that the lessee any arrears in rental payment, condominium dues and other charges (see Note 7).

Group as a lessee
The Group has lease contracts for various parcels of land used in its operations. Leases of land generally have lease terms between 25 and 50 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

Right-of-use assets
The rollforward analysis of this account for the nine months ended September 30, 2020 and for the year ended December 31, 2019 follows:

Right-of-Use: Land	**September 30, 2020 (Unaudited)**	December 31, 2019 (Audited)
Cost		
At beginning and end of period	**₱1,380,551,087**	₱1,380,551,087
Accumulated Amortization		
At beginning of period (Note 3)	**208,817,089**	152,552,800
Amortization	**14,921,025**	56,264,289
At end of period	**223,738,114**	208,817,089
Net book value	**₱1,156,812,973**	₱1,171,733,998

The variable lease payments recognized in the consolidated statement of comprehensive income for nine months ended September 30, 2020 and 2019 amounted to ₱53 million and ₱72 million, respectively.

Lease liabilities
The rollforward analysis of lease liabilities follows:

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
As at beginning of period	**₱1,935,884,238**	₱1,888,807,393
Interest expense	**36,395,591**	145,565,692
Payments	**(25,002,813)**	(98,488,847)
As at end of period	**₱1,947,277,016**	₱1,935,884,238
Current portion	**₱36,228,171**	₱36,016,214
Noncurrent portion	**1,911,048,845**	1,899,868,024
	₱1,947,277,016	₱1,935,884,238

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Capital Commitments
The Group has contractual commitments and obligations for the construction and development of investment properties and property and equipment items aggregating ₱38,913 million and ₱10,338 million as of September 30, 2020 and December 31, 2019, respectively. Moreover, the Group has contractual obligations amounting to ₱3,978 million and ₱5,622 million as of September 30, 2020 and December 31, 2019, respectively, for the completion and delivery of real estate units that have been presold.

Contingencies
The Group has various collection cases or claims against or from its customers and certain tax assessments, arising in the ordinary conduct of business which are either pending decision by the courts or being contested, the outcome of which are not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Group's financial position and results of operations. The

Group does not believe that such assessments will have a material effect on its operating results and financial condition. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Asset*s, is not disclosed on the grounds that it can be expected to prejudice the outcome of pending assessments.

30. Subsequent Events

Impact of COVID-19 Outbreak on the Group's Operations
Amid COVID-19 and in compliance with the Philippine government's enhanced community quarantine ("ECQ") guidelines, malls, hotels, and other businesses, except those providing essential goods and services have temporarily closed until the ECQ is lifted or relaxed. The Parent Company has felt the most impact on its mall and hotel operations. Nonetheless, its broad business footprint and diversified revenue stream helped cushion the blow of this unprecedented event on the Group.

With public health and safety in mind and in full cooperation with the government, the Parent Company has temporarily closed its malls in Luzon and other areas where the local government has imposed a lockdown except those areas that are being occupied by tenants providing essential services such as the supermarkets, banks, pharmacies and spaces occupied by BPOs. The Parent Company has also waived rental for non-operational tenants during the ECQ.

The hospitality and leisure industry is suffering the most immediate repercussions of COVID-19. Most of the Group's hotel properties had to close temporarily because of the ECQ. Hotels that remained open served clients from the BPO industry and other long staying guests.

For its Residential Division, the Group has employed digital marketing strategies for the sale of its various residential projects.

For the Group's Office Buildings Division and Industrial and Integrated Developments Division, the Parent Company continues to operate under business-as-usual conditions.

For the Group's residential project in Chengdu, China, the high-rise condominium units in Phase 1 have already been completed and sold out prior the lockdown. Furthermore the high-rise condominium units in Phase 2 have already been completed

The Parent Company is cognizant of COVID-19's potential material impact on its financial performance, the execution of its plans and strategies, and its customers and employees should the situation persist in the longer-term.

The Parent Company is fully committed to cooperate and support the Philippine government's efforts to control the spread of the virus. In addition to complying with the guidelines, rules and regulations that the Philippine government has laid out, the Group has rolled out robust plans to ascertain business continuity and have taken immediate actions to ensure that the Parent Company's services remain available to its customers. Skeleton workforces have been deployed in various geographic locations where the Group operates and contingency measures such as flexible personnel resourcing and off-site working facilities have been employed.

The Parent Company has implemented appropriate and enhanced measures in an effort to contain the spread of the virus within its properties and workplace. To ensure adequate social distancing, mall operating hours have been adjusted for operational stores, social distancing floor markers have been strategically placed and entry of customers is closely monitored. Infrared non-contact thermal scanners are being used and hand sanitizers and foot baths have been installed in all the entry points to the Group’s properties. All its front liners are required to conduct frequent handwashing, wear protective masks or gear, and implement effective cleaning procedures in all its properties. Moreover, sanitation teams have been reinforced to carry out deep disinfection procedures especially in high-touch areas such as elevators and escalators in its lifestyle centers, offices, hotels, residential buildings and industrial facilities. In the workplace, corporate policies have been established to use digital or online platforms for corporate communications and virtual meetings in order to limit physical contact. Decentralized and/or remote-working arrangements for the Group’s employees have also been instituted. As early as January 2020, the Group has launched information campaigns apprising and educating its stakeholders of the risks of COVID-19 and the ways to prevent its transmission.

As the Parent Company actively monitors developments and assess the impact of the foregoing in its operations and financial performance, the Group remains confident that, together with the aforementioned measures it has put in place, its diversified and well-balanced property portfolio that caters to different customer segments and are strategically located in key cities and provinces in the Philippines and abroad can mitigate the potential significant decline in the Parent Company’s profitability.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES

AGING OF RECEIVABLES

As of September 30, 2020

		Neither	Past Due But Not Impaired				Past
	Total	Past Due nor Impaired	Less than 30 days	30 to 60 days	61 to 90 days	Over 90 days	Due and Impaired
Trade receivables							
Installment contract receivables – at cost	**₱2,034,906,612**	**₱205,466,672**	**₱340,245,035**	**₱348,443,208**	**₱73,209,116**	**₱1,048,542,582**	**₱19,000,000**
Installment contract receivables – at FMV	**817,535,534**	**795,267,194**	**3,669,477**	**2,041,304**	**3,072,346**	**13,485,213**	**–**
Accrued rent receivables	**1,796,819,290**	**1,796,819,290**	**–**	**–**	**–**	**–**	**–**
Rental receivables	**1,657,626,370**	**491,963,919**	**147,939,086**	**225,946,475**	**84,431,118**	**693,440,745**	**13,905,027**
Hotel operations	**268,498,359**	**174,526,963**	**28,801,778**	**4,801,769**	**–**	**45,596,275**	**14,771,574**
Affiliated companies	**1,256,873,527**	**1,256,873,527**	**–**	**–**	**–**	**–**	**–**
Others	**844,778,522**	**844,778,522**	**–**	**–**	**–**	**–**	**–**
	₱8,677,038,214	**₱5,565,696,087**	**₱520,655,376**	**₱581,232,756**	**₱160,712,580**	**₱1,801,064,815**	**₱47,676,601**

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATOR

Ratio	Formula	September 30, 2020	December 31, 2019
Current ratio	Current assets / Current liabilities	2.09	1.37
Acid test ratio (Quick ratio)	(Cash and cash equivalents + Current receivables + Current contract assets + Other current assets) / Current liabilities	1.04	0.50
Debt-to-equity ratio	(Short-term loans + Long-term loans) / Equity attributable to equity holders of the Parent Company	0.53	0.44
Asset-to-equity ratio	Total assets / Total equity	2.10	1.90

Ratio	Formula	September 30, 2020	September 30, 2019
Solvency ratios*	Earnings before interest, taxes, depreciation and amortization / (Short-term loans + Long-term loans)	0.29	0.45
Interest coverage ratio	Earnings before interest and taxes / Interest expense + Capitalized interest expense	4.13	7.04
Return on equity*	Net income attributable to equity holders of Parent Company / Equity attributable to equity holders of the Parent Company	0.07	0.08
Return on assets*	Net income attributable to equity holders of Parent Company / Total assets	0.03	0.04
Net profit margin	Earnings before interest and taxes / Total revenues	0.35	0.39

**For the nine months ended 30 September 2020 and 2019, the ratio was calculated on a last twelve months basis.*