C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

9 3 2 6 9 - A

C O M P A N Y   N A M E

R O B I N S O N S   L A N D   C O R P O R A T I O N   A N D
S U B S I D I A R I E S

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

L e v e l   2 ,   G a l l e r i a   C o r p o r a t e   C e
n t e r ,   E D S A   c o r n e r   O r t i g a s   A v e n
u e ,   Q u e z o n   C i t y ,   M e t r o   M a n i l a

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S	S E C	N / A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
N/A	397-1888	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,061	Last Wednesday of May	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Kerwin Max S. Tan	Kerwin@robinsonsland.ph	397-1888	N/A

CONTACT PERSON's ADDRESS

14 Floor Robinsons Cyberscape Alpha cor. Sapphire & Garnet Road Ortigas Center, Pasig City

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies*

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)

397-1888

(Telephone Number)

DECEMBER 31

(Calendar Year Ending)
(month & day)

FORM 17-A (ANNUAL REPORT)

Form Type

Amendment Designation (if applicable)

December 31, 2018

Period Ended Date

CN 000452-R-Listed

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the calendar year ended : **December 31, 2018**

2. SEC 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. **Manila, Philippines**
   Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
   Industry Classification Code:

7. **Level 2, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City, Metro Manila**
   Address of principal office Postal Code

8. **397-1888**
   Issuer's telephone number, including area code

9. **N.A** ………………...
   Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA2

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	5,193,830,685 shares
Registered bonds payable	₱ 12,000,000,000.00

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

    Yes [✓] No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange **Common Shares**

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 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 that 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 [ ]

13. Aggregate market value of the voting stock held by non-affiliates: **₱41,163,435,044.55**

TABLE OF CONTENTS

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

a) Overview

Robinsons Land Corporation (RLC, the Parent Company or the Company) is a stock corporation organized under the laws of the Philippines and has eleven (11) consolidated subsidiaries.

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

The Group has 2,415 and 2,130 employees as of December 31, 2018 and 2017, respectively.

RLC is one of the Philippines' leading real estate developers in terms of revenues, number of projects and total project size. It is engaged in the development and operation of shopping malls, offices, hotels and warehouse facilities; and the development of mixed-use properties, residential buildings, as well as land and residential housing developments, including socialized housing projects located in key cities and other urban areas nationwide. RLC adopts a diversified business model, with both an "investment" component, in which the Company develops, owns and operates commercial real estate projects (principally shopping malls, office buildings, hotels and warehouse facilities); and a "development" component, in which RLC develops real estate projects for sale (principally residential condominiums, serviced lots, house and lot packages and commercial lots).

RLC's operations are divided into its five business divisions:

- The Commercial Centers Division develops, leases and manages shopping malls throughout the Philippines. As of December 31, 2018, RLC operates fifty-one (51) shopping malls, comprising of nine (9) malls in Metro Manila and forty-two (42) malls in other urban areas throughout the Philippines, and has another four (4) new malls and three (3) expansion projects in the planning and development stage for completion in the next two years.

- The Residential Division develops and sells residential developments for sale/pre-sale. As of December 31, 2018, RLC's Residential Division has seventy-three (73) residential condominium buildings/towers/housing projects and thirty-eight (38) housing subdivisions of which eighty-nine (89) have been completed and twenty-two (22) are still ongoing with two (2) projects that are awaiting the receipt of License to Sell (LS). It currently has several projects in various stages for future development that are scheduled for completion in the next one to five years.

- The Office Buildings Division develops office buildings for lease. As of December 31, 2018, this division has completed twenty (20) office developments, located in Quezon City, Ortigas Central Business District in Pasig City, Mandaluyong City, Makati Central Business District in Makati City, Fort Bonifacio in Taguig City, Cebu City, Ilocos Norte, Tarlac City, Naga City and Davao City. These office projects are primarily developed as investment properties, to be leased to tenants by the Company.

- The Hotels and Resorts Division has a diverse portfolio covering three brand segments: upscale international deluxe hotels, mid-market boutique city and resort hotels, and essential service value hotels. In the international deluxe category, Crowne Plaza Manila Galleria and Holiday Inn Manila Galleria, both managed by the Intercontinental Hotels Group, are key players in the hotel market in the Ortigas business district in Pasig City, Metro Manila. The Company's mid-market Summit Hotels and Resorts brand operates Summit Ridge Tagaytay, Summit Circle Cebu, Summit Hotel Magnolia, Summit Galleria Cebu and the recently-opened Summit Hotel Tacloban. The third brand segment is the popular Go Hotels that is present in 16 key locations across the Philippines.

- The Industrial and Integrated Developments Division focuses on mixed-used developments and masterplanned communities. These developments incorporate different property formats such as residences, work places, commercial centers, logistics facilities and other institutional developments into a single setting. Another major role of this division is to seek business opportunities brought about by Public-Private Partnerships. As of December 31, 2018, this division has organized the ground breaking of Sierra Valley in Taytay and Cainta municipalities. The division is also completing the ongoing developments of two (2) integrated developments located in the cities of Pasig and Quezon and in Porac, Pampanga.

RLC was incorporated on June 4, 1980 as the real estate investment arm of JG Summit Holdings Inc. ("JG Summit"), and its shares were offered to the public in an initial public offering and were subsequently listed in the Manila Stock Exchange and Makati Stock Exchange (predecessors of the Philippine Stock Exchange) on October 16, 1989. The Company had succesful follow-on offering of primary and secondary shares in October 2006 where a total of 932.8 million shares were offered to domestic and international investors, generating USD 223 million or ₱10.87 billion in proceeds. Of this amount, approximately ₱5.3 billion was raised from the primary portion, intended to be used to fund its capital expenditure programs for fiscal year 2007. The additional shares were listed on October 4, 2006. JG Summit, RLC's controlling shareholder, owned approximately 60.97% of RLC's outstanding shares as of calendar year 2018.

On November 19, 2010, the Board of Directors approved the increase in the authorized capital stock of RLC from 3,000,000,000 common shares into 8,200,000,000 commons shares, with a par value of one peso (₱1) per share.

In line with the foregoing, the Board of Directors also approved on February 16, 2011 a 1:2 stock rights offering to stockholders of record as of March 30, 2011 (ex - date March 25, 2011). Accordingly, the Company received subscriptions for 1,364,610,228 shares at an offer price of ₱10 per share on April 11-15, 2011. The subscription receivables were fully collected in October 2011.

The SEC approved the increase in capital stock on May 17, 2011.

On November 13, 2017, the BOD of the Company approved in principle the stock rights offering (SRO) of up to ₱20 billion composed of 1.1 billion common shares, with a par value of ₱1.00 per share, to all stockholders as of record date January 31, 2018. The Company intends to use the proceeds from the SRO to finance the acquisition of land located in various parts of the country for all its business segments.

The Company has obtained the approval of the BOD of the Philippine Stock Exchange, Inc. (PSE) for the listing and trading of the rights shares on January 10, 2018, while the PSE's confirmation of exempt transaction covering the offer was obtained on December 14, 2017. The following are the key dates of the SRO:

- Pricing date – January 24, 2018
- Ex-date – January 26, 2018
- Record date – January 31, 2018
- Offer period – February 2 to 8, 2018
- Listing date – February 15, 2018

The Company has successfully completed its ₱20 billion SRO of common shares following the close of the offer period on February 8, 2018. A total of 1.1 billion common shares from the SRO were issued at a price of ₱18.20 each. The listing of the shares occurred on February 15, 2018.

b) Business

RLC has five business divisions – Commercial Centers, Residential, Office Buildings, Hotels and Resorts, and Industrial and Integrated Developments.

i. Commercial Centers Division

RLC's Commercial Centers Division develops, leases and manages shopping malls throughout the Philippines. The Commercial Centers Division accounted for ₱11.94 billion or 40% of RLC's revenues and ₱7.67 billion or 47% of RLC's EBITDA in calendar year 2018 and ₱10.79 billion or 48% of RLC's revenues and ₱7.04 billion or 56% of RLC's EBITDA in calendar year 2017. As of December 31, 2018, the Company's Commercial Centers Division had assets, valued on a historical cost less depreciation basis, of ₱73.96 billion.

During calendar year 2018, the Commercial Centers Division opened four (4) new malls, increasing its gross floor area by 6.9%. It currently operates 51 shopping malls, comprising nine (9) malls in Metro Manila and forty two (42) malls in other urban areas throughout the Philippines, with a gross floor area of approximately 2.813 million square meters.

As of December 31, 2018, RLC had a portfolio of 51 shopping malls as follows:

Name	Location	Calendar Year opened	Approximate gross floor area
			(in '000 sq.m.)
Metro Manila			
Robinsons Galleria	EDSA corner Ortigas Avenue, Quezon City	1990	221
Robinsons Place Manila	M. Adriatico Street, Ermita, Manila	1997	241
Robinsons Novaliches	Quirino Highway, Novaliches, Quezon City	2001	70
Robinsons Metro East	Marcos Highway, Brgy. Dela Paz, Pasig City	2001	119
Forum Robinsons	EDSA Corner Pioneer Road, Mandaluyong City	2004	55
Robinsons Otis	P.M. Guanzon St., Paco, Manila	2007	32
Robinsons Magnolia	Aurora Blvd. corner Doña Hemady St., Quezon City	2012	107
Robinsons Town Mall Malabon	Gov. Pascual Ave. cor. Crispin St., Tinajeros, Malabon	2013	17
Robinsons Place Las Piñas	Alabang-Zapote Road, Brgy. Talon, Las Piñas City	2014	59
Outside Metro Manila			
Robinsons Place Bacolod	Lacson Street, Mandalagan, Bacolod City	1997	61
Robinsons Place Imus	Aguinaldo Highway, Tanzang Luma V, Imus, Cavite	1998	65
Robinsons Fuente Cebu	Fuente Osmena, Bo. Capitol, Cebu City	2000	17
Robinsons Town Mall Los Baños	Lopez Avenue, Batong Malaki, Los Baños, Laguna	2000	10
Robinsons Place Iloilo	Quezon-Ledesma Street, Rojas Village, Iloilo City	2001	70
Robinsons Star Mills Pampanga	San Jose, San Fernando, Pampanga	2002	62
Robinsons Santa Rosa	Old Nat'l Hi-way, Brgy Tagapo, Sta Rosa, Laguna	2002	37
Robinsons Place Dasmariñas	Pala-Pala, Dasmarinas, Cavite	2003	96

Name, Location		Calendar Year opened	Approximate gross floor area
Robinsons Cagayan de Oro	Limketkai Complex, Lapasan, Cagayan De Oro City	2002	18
Robinsons Place Lipa	Mataas Na Lupa, Lipa City, Batangas	2003	59
Robinsons Cainta	Ortigas Avenue Extension, Junction, Cainta, Rizal	2004	31
Robinsons Place Angeles......................	McArthur Highway, Balibago, Angeles City, Pampanga	2004	31
Robinsons Cybergate Bacolod	Barrio Tangub, National Road, Bacolod City	2004	18
Robinsons Luisita	McArthur Highway, Brgy. San Miguel, Tarlac City	2007	17
Robinsons Cabanatuan	Km. 3, Maharlika Highway, Cabanatuan City	2008	18
Robinsons Pulilan	Trinidad Highway, Brgy. Cutcot, Pulilan, Bulacan	2008	12
Summit Ridge Tagaytay	Km. 58, Tagaytay-Nasugbu Road, Tagaytay City	2008	14
Robinsons Cybergate Davao	J. P. Laurel Avenue, Davao City	2009	14
Robinsons Place Tacloban	National Highway, Marasbaras, Tacloban City	2009	63
Robinsons Place General Santos	Jose Catolico Sr. Ave., Lagao, General Santos City	2009	33
Robinsons Place Dumaguete................	Calindagan Business Park, Dumaguete City	2009	38
Robinsons Ilocos Norte.........................	Brgy. 1 San Francisco, San Nicolas, Ilocos Norte	2009	65
Robinsons Cybergate Cebu..................	Don Gil Garcia St., Capitol, Cebu City	2009	20
Robinsons Place Pangasinan................	McArthur Highway, Brgy. San Miguel, Calasiao Pangasinan	2012	33
Robinsons Place Palawan.....................	National Highway, Brgy. San Miguel, Puerto Princesa City	2012	45
Robinsons Place Butuan........................	J.C. Aquino Avenue, Brgy Libertad, Butuan City	2013	59
Robinsons Place Malolos.......................	MacArthur Highway, Brgy. Sumapang Matanda, Malolos City, Bulacan	2013	68
Robinsons Place Roxas.........................	Immaculate Heart of Mary Avenue, Pueblo de Panay, Brgy. Lawa-an, Roxas City, Capiz	2014	37
Robinsons Place Santiago.....................	Maharlika Highway, Brgy Mabini, Santiago City, Isabela	2014	40
Robinsons Place Antipolo......................	Sumulong Highway, cor. Circumferential Road, Antipolo City	2014	43
Robinsons Place Antique………………..	Brgy. Maybato, San Jose, Antique	2015	32
Robinsons Galleria Cebu………………...	Gen. Maxilom Ave. Ext, Cebu City, Cebu	2015	139
Robinsons Place Tagum…………………	Tagum City, Davao del Norte	2016	65
Robinsons Place General Trias…………	Governor's Drive, General Trias, Cavite	2016	56
Robinsons Place Jaro……………………	E Lopez St. Jaro, Iloilo City, Iloilo	2016	52
Robinsons Place Iligan…………………..	Macapagal Ave., Brgy. Tubod, Iligan City, Lanao del Norte	2017	51
Robinsons Place Naga…………………..	Roxas Ave., cor. Almeda Highway, Brgy. Triangulo, Naga City, Camarines Sur	2017	75
Robinsons North Tacloban……………..	Brgy. Abucay, Tacloban City, Leyte	2017	54
Robinsons Place Ormoc…………………	Brgy. Cogon, Ormoc City, Leyte	2018	24
Robinsons Place Pavia…………………..	Brgy. Ungka 2, Pavia, Iloilo	2018	41
Robinsons Place Tuguegarao…………..	Brgy. Tanza, Tuguegarao City, Cagayan	2018	60
Robinsons Place Valencia……………….	Sayre Highway, Brgy. Hagkol, Bagontaas Valencia, Bukidnon	2018	47
Total			2,813

The Commercial Centers Division's main revenue stream is derived from the lease of commercial spaces. Revenues from the Commercial Centers Division, which represent recurring lease rentals, comprise significant part of RLC's revenues. Historically, revenues from lease rentals have been a steady source of operating cash flows for the Company. RLC expects that the revenues and operating cash flows generated by the commercial centers business shall continue to be a major driver for the Company's growth in the future.

As of calendar year 2018, the Company had four (4) new shopping malls and three (3) expansion projects in the planning and development stage for completion in the next 2 years. The Company's business plan for the Commercial Centers Division over the next five years, subject to market conditions, is to sustain its growth momentum via development of new shopping malls and expansion of existing ones.

The Group also leases commercial properties to affiliated companies. Rental income arising from the lease of commercial properties to affiliated companies amounted to about ₱2,787 million and ₱2,337 million for the calendar years ended December 31, 2018 and 2017, respectively.

ii. Residential Division

The Residential Division focuses on the construction and sale of residential condominium, subdivision projects and other real estate properties. The Division accounted for ₱8.69 billion or 29% of RLC's revenues and ₱2.21 billion or 14% of RLC's EBITDA in calendar year 2018, and ₱6.55 billion or 29% of RLC's revenues and ₱1.82 billion or 15% of RLC's EBITDA in calendar year 2017. As of December 31, 2018, the Company's Residential Division had assets, valued on a historical cost less depreciation basis, of ₱53.68 billion.

Percentage of realized revenues from foreign sales to total revenues for calendar years 2018 and 2017 and fiscal year 2016 are 1.75%, 0.75% and 0.24%, respectively while percentage of realized revenues from foreign sales to net income for calendar years 2018 and 2017 and fiscal year 2016 are 6.28%, 2.86% and 0.88%, respectively.

The Residential Division is categorized into four brands. The different brands differ in terms of target market, location, type of development and price ranges to allow clear differentiation among markets. These four brands are:

- Robinsons Luxuria
- Robinsons Residences
- Robinsons Communities
- Robinsons Homes

1) ROBINSONS LUXURIA

Robinsons Luxuria builds its brand on providing a seamless pampered experience via its generous living spaces, distinctive style infrastructure, iconic locations and attention to service and detail. It provides uniquely luxurious living spaces through its projects located in iconic locations such as Cebu, Ortigas Center and Makati. Currently, there are nine (9) residential condominium buildings/towers under the Robinsons Luxuria portfolio, of which eight (8) have been completed and one (1) project is under construction.

Key details of the Company's Robinsons Luxuria residential projects are set forth in the table below:

Name	Storeys	Number of Units
Current projects		
The Residences at The Westin Manila Sonata Place (1)...........	50	344
Completed Projects		
Galleria Regency (1) (2)	13	108
AmiSa Private Residences Tower A (1)	14	131
AmiSa Private Residences Tower B (1)	18	155
AmiSa Private Residences Tower C (1).................................	18	189
Signa Designer Residences Tower 1	29	306
Signa Designer Residences Tower 2	28	351
Sonata Private Residences – Building 1 (1)	29	270
Sonata Private Residences – Building 2 (1)	30	269

The Robinsons Luxuria projects are detailed as follows:

1. ***The Residences at The Westin Manila Sonata Place (legal name Sonata Premier)*** the first Westin-branded Residences in Southeast Asia and the final residential tower in the Sonata Place mixed-use community. Recognized as the 2018-2019 Best Residential High-Rise Development Philippines by the Asia Pacific Property Awards.

2. ***Galleria Regency*** is part of the Galleria mixed-use development which includes the Robinsons Galleria mall, two office buildings (Galleria Corporate Center and Robinsons - Equitable Tower) and two hotels (the Crowne Plaza Manila Galleria and the Holiday Inn Manila Galleria).

3. ***Signa Designer Residences Towers 1 and 2*** is a joint venture project between Robinsons Land Corporation and Security Land Corporation in Makati CBD. Recognized in 2013 by the International Property Awards for Asia Pacific as the Best Residential Condominium in the Philippines.

4. ***AmiSa Private Residences Towers A, B and C*** are the first 3 of 6 mid-rise residential condominiums within a mixed-use resort development in Mactan, Cebu.

5. ***Sonata Private Residences – Buildings 1 and 2*** are part of a Sonata Place mixed-use community in Ortigas Center that has been masterplanned to consist of three residential condominiums, and one hotel. RLC was recognized by FIABCI as the Outstanding Developer in the Philippines for this Residential-Vertical project in 2016.

The Company's business plan for its Robinsons Luxuria brand is to continue to acquire and launch properties in key central and strategic locations within

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[1] Part of a mixed-used development
[2] Located in a 33-storey building, 20 floors of which are occupied by the Crowne Plaza Hotel

Metro Manila ideal for low density vertical or horizontal developments. It sees potential to differentiate by combining prestigious addresses with distinctive features and amenities.

The following table sets forth RLC's existing land bank allocations for the development of new projects in the Robinsons Luxuria segment as of December 31, 2018:

Location	Acquisition Date	Approximate gross land area [1]
		(in hectares)
Lapu-Lapu City	May 2007	5.1

2) ROBINSONS RESIDENCES

Robinsons Residences offers the perfect urban home for professionals and urbanites, combining prime locations with contemporary designs, efficiently designed living spaces, stress-busting amenities and lifestyle perks and privileges.

As of December 31, 2018, Robinsons Residences segment had a portfolio of thirty one (31) residential condominium buildings/towers, of which twenty six (26) had been completed and five (5) are under various stages of development.

Key details of Company's residential projects under the Robinsons Residences brand are as follows:

Name	Storeys	Number of Units
Current projects		
Galleria Residences Cebu Tower 1 (1)	21	270
Galleria Residences Cebu Tower 2 (1)	22	352
The Trion Towers – Building 3	50	636
The Radiance Manila Bay South Tower	41	597
The Magnolia Residences Tower D (1)........	30	420
Completed Projects		
Robinsons Place Residences 1 (1)	38	388
Robinsons Place Residences 2 (1)	38	388
One Gateway Place (1)	28	413
Gateway Garden Heights (1)........	32	549
One Adriatico Place (1)	38	572
Two Adriatico Place (1)	38	546
Three Adriatico Place (1)........	38	537
Fifth Avenue Place	38	611

[1] *"Gross Land Area" means the total area of land acquired by the Company*

Name	Storeys	Number of Units
Completed projects		
Otis 888 Residences (1)	3	195
McKinley Park Residences	44	391
East of Galleria	44	693
The Fort Residences	31	242
Vimana Verde Residences Tower A	6	20
Vimana Verde Residences Tower B	6	20
Vimana Verde Residences Tower C	7	45
Azalea Place Cebu	25	408
The Trion Towers - Building 1	49	694
The Trion Towers - Building 2	50	725
Gateway Regency (1)	31	463
The Magnolia Residences Tower A (1)	36	378
The Magnolia Residences Tower B (1)	38	419
The Magnolia Residences Tower C (1)	38	433
The Radiance Manila Bay North Tower	36	538
The Sapphire Bloc North Tower	38	412
The Sapphire Bloc West Tower	38	416
Woodsville Residences	2	185

The Robinsons Residences projects are detailed as follows:

1. ***One Gateway Place, Gateway Garden Heights and Gateway Regency*** are part of the Pioneer mixed-use development located on the corner of EDSA and Pioneer Street, which includes Gateway Garden Ridge, Gateway Regency Studios, the Robinsons Forum mall, four office buildings (Robinsons Cybergate Center Tower 1, Robinsons Cybergate Center Tower 2, Robinsons Cybergate Center Tower 3 and Robinsons Cybergate Plaza) and Go Hotels Mandaluyong.

2. ***One Adriatico Place, Two Adriatico Place, Three Adriatico Place and Robinsons Place Residences 1 and 2*** are part of the Ermita mixed-use development, which includes the Robinsons Place Manila mall.

3. ***Otis 888 Residences*** is part of the mixed-use development in Paco, Manila, which includes Robinsons Otis mall and Go Hotels Otis.

4. ***The Magnolia Residences Towers A, B, C and D*** are part of the mixed-use development on what was the former Magnolia Ice Cream Plant in New Manila, Quezon City. It has been masterplanned to include Robinsons Magnolia mall, Summit Hotel and four (4) residential buildings. Recognized in 2013 by the International Property Awards for Asia Pacific as the Best Mixed-Use Development in the Philippines.

[1] *Part of a mixed-use development*

5. ***Fifth Avenue Place*** is a 38-storey development in Bonifacio Global City. Composed of 611 units, it is the first completed project of RLC in the area.

6. ***McKinley Park Residences*** is a 44-storey development in Fort Bonifacio Global City. It is composed of 391 units.

7. ***The Fort Residences*** is a 31-storey development in Fort Bonifacio Global City. It is composed of 242 units—flat and loft type.

8. ***The Trion Towers 1, 2 and 3*** compose the three-tower development in Bonifacio Global City. In 2015, RLC was recognized by FIABCI as the Outstanding Developer in the Philippines for this Residential-Vertical project.

9. ***East of Galleria*** is a one tower development located along Topaz Street, Ortigas Center. It is conveniently located near RLC's Robinsons Galleria mixed-use complex.

10. ***Woodsville Residences*** is the townhouse development under the Robinsons Residences portfolio. It is strategically located in Merville, Paranaque.

11. ***The Sapphire Bloc North and West Towers*** are part of a four-tower development that features a lifestyle retail podium. It is located on a property bounded by Sapphire, Onyx and Garnet Streets, at the Ortigas Center, conveniently near RLC's Robinsons Galleria mixed-use complex. This project was recognized in the 2015 Philippine Property Awards and 2016 Asia Pacific Awards, as the Best Mid-Range Condo Development and Best Residential High-Rise Development in the country, respectively. The project was recognized as the Best Residential Interior Design during 2017 Philippine Property Awards and 2017 Asian Property Award (Philippines).

12. ***Vimana Verde Residences Buildings A, B and C*** is a three mid-rise building development located in St. Martin Street, Valle Verde, Pasig City.

13. ***Azalea Place Cebu*** is a 25-storey development located along Gorordo Avenue, Cebu City.

14. ***The Radiance Manila Bay North and South Towers*** are the main components of the two-tower residential development that features a lifestyle retail wing. It is located along Roxas Boulevard in Pasay City. Recognized in 2016 Asia Pacific Awards as the Best High-Rise Development in the Philippines.

15. ***Galleria Residences Cebu Towers 1 and 2*** are part of a three-tower residential component of the Robinsons Galleria Cebu Complex which

consists of a full-service mall, hotel and office building. It is located along Maxilom Avenue, Cebu City.

The Company's business plan for its Robinsons Residences brand is to cater to urban professionals with projects geared towards a live-work-play lifestyle that this market values. It capitalizes on the company's expertise in delivering mixed-use mid- to high-rise developments located within business districts and emerging cities.

The following table sets forth RLC's existing land bank allocations for the development of new projects in the residential condominiums division as of December 31, 2018:

Location	Acquisition Date	Approximate land area
		(in hectares)
Maxilom Avenue, Cebu City	September 2008	0.2
Ortigas Center, Pasig City………………………	November 2011	0.3
Total		0.5

3) ROBINSONS COMMUNITIES

Robinsons Communities is the residential brand of RLC which caters to the needs of early nesters, young mobile achievers and families coming from the B to BB segment who wish to live independently and comfortably close to their workplace, schools and leisure centers. Robinsons Communities provides convenient community living through its affordable quality condominiums that offer open spaces, fun and functional amenities and complementing commercial spaces. Most of Robinsons Communities' projects are strategically located near major gateways, highly developed cities and central business districts to provide easy access to schools, work places and vital institutions.

As of December 31, 2018, Robinsons Communities had completed twenty six (26) residential condominium buildings/towers and two (2) subdivision projects. It has five (5) on-going projects in different stages that are scheduled for completion over the next five years.

Robinsons Communities is currently focusing on the development of both mid-rise and high-rise residential condominium projects that primarily offer compact units. Its condominium projects are located in Metro Manila and Tagaytay City while the subdivisions are in Quezon City.

Key details of Company's residential projects under Robinsons Communities are set forth in the table below:

PROJECT NAME	NUMBER OF RESIDENTIAL FLOORS	NUMBER OF RESIDENTIAL UNITS
Current Projects		
Axis Residences - Building B ……………..	37	792
Acacia Escalades - Building B ……………	13	414
Chimes Greenhills....................................	24	378
Aurora Escalades Tower...........................	21	800
Gateway Regency Studios........................	28	378
Completed Projects		
Acacia Escalades - Building A ……………	11	383
Axis Residences - Tower A ……………….	37	913
Escalades East Tower …………………….	11	269
Escalades at 20th Avenue - Tower 1	10	120
Escalades at 20th Avenue - Tower 2	10	120
Escalades at 20th Avenue - Tower 3	10	120
Escalades at 20th Avenue - Tower 4	10	120
Escalades at 20th Avenue - Tower 5	10	120
Escalades at 20th Avenue - Tower 6	10	120
Escalades South Metro - Tower A	9	176
Escalades South Metro - Tower B	9	176
The Pearl Place - Tower A	33	653
The Pearl Place - Tower B	34	640
Wellington Courtyard - Bldg A....................	5	34
Wellington Courtyard - Bldg B....................	5	34
Wellington Courtyard - Bldg C	5	45
Wellington Courtyard - Bldg D	5	41
Wellington Courtyard - Bldg E....................	5	38
Gateway Garden Ridge	15	373
Woodsville Viverde Mansions - Bldg 1	8	72
Woodsville Viverde Mansions - Bldg 2	8	96
Woodsville Viverde Mansions - Bldg 3	10	90
Woodsville Viverde Mansions - Bldg 4	12	108
Woodsville Viverde Mansions - Bldg 5	8	72
Woodsville Viverde Mansions - Bldg 8	8	72
Woodsville Viverde Mansions - Bldg 6	8	64
Bloomfields Novaliches*	-	461
Centennial Place*	-	50

**horizontal*

The Robinsons Communities projects are detailed as follows:

1. ***Woodsville Viverde Mansions Buildings 1 to 6 and 8*** is within a mixed-use development located in Paranaque. It includes a village mall and a cluster of residential mid-rise buildings.

2. ***Escalades at 20th Avenue Towers 1 to 6*** - A mid-rise residential building complex featuring a Tropical-inspired central garden, strategically located along 20th Avenue and nearby Aurora Boulevard. A total of 720 units, 120 per building; Building 1 consists of twelve (12) storeys composed of ten (10) residential floors, ground amenity floor and basement parking. While Building 2 to 6 are composed of ten (10) residential floors and a ground parking area.

3. ***The Wellington Courtyard Buildings A to E*** - Country-style in design, this is another vacation condominium in Tagaytay City within the 1-hectare property of OMICO Corporation. This project of residential Low-Rise Buildings (LRBs) covers two Phases, Phase I (2 LRBs) and Phase II (3 LRBs), with 192 units.

4. ***Gateway Garden Ridge*** is part of the Pioneer mixed-use development in Mandaluyong which includes Robinsons Forum mall, four office buildings, Go Hotels Mandaluyong and several other residential buildings.

5. ***Escalades South Metro*** is composed of two (2) mid-rise residential buildings located in Sucat, Muntinlupa with generous open spaces allocated to amenities and facilities. Project amenities include a central clubhouse, swimming pool, and adequate play spaces for the kids.

6. ***The Pearl Place*** is a two-tower high-rise residential development located at the heart of Ortigas Center, Pasig City. Primarily intended for start-up families, investors, retirees and young/urban professionals, The Pearl Place boasts of affordable compact residential units in a modern setting. The development contains amenities at the 6th floor (Towers A and B) and 40th floor (Tower A), and retail spaces at the ground floor.

7. ***Axis Residences*** is a high-rise residential development located in Pioneer St., Mandaluyong City. The project is a joint venture project between Federal Land Inc. and Robinsons Land Corporation. It boasts of compact units that primarily caters to the housing needs of young urban professionals, investors and start up families.

8. ***Acacia Escalades*** is a mid-rise residential development located at the corner of Calle Industria and Amang Rodriguez, Brgy. Manggahan, Pasig City. The project comprise two mid-rise buildings with commercial component.

9. ***Chimes Greenhills*** is a 40-storey development that incorporates a hotel component and 24 floors of residential units, located at Annapolis St., Greenhills, San Juan.

10. ***Escalades East Tower*** is a 14-storey residential development located along 20th Ave., Cubao, QC and is part of the Escalades-Cubao complex.

11. ***Aurora Escalades Tower*** is a 21-storey residential development located along Aurora Blvd., Cubao, QC and is the last building of the Escalades-Cubao complex.

12. ***Gateway Regency Studios*** is the last residential tower at the EDSA-Pioneer mixed-use development offering studio units to urban professionals.

13. ***Bloomfields Novaliches*** is a horizontal residential development situated behind the Robinsons Place Novaliches mall.

14. ***Centennial Place*** - This is a half-hectare townhouse development located in Bgy. Horseshoe, C. Benitez Street, Quezon City. It consists of fifty (50) townhouses, with lots ranging from 65 to 70 square meters.

The Company's business plan for its Robinsons Communities brand is to develop new projects in response to actual and anticipated market demand. The Company recognizes that there is significant potential for growth in the affordable to middle-cost condominium developments. It plans to acquire additional properties through purchase or joint venture.

The following table sets forth RLC's existing land bank allocations for the development of new projects for Robinsons Communities as of December 31, 2018:

Location	Acquisition Date	Approximate land area
		(in hectares)
Sucat, Muntinlupa	2002	1.3
Merville, Paranaque	2006	3.3
Las Pinas City [1]	2011	1.5
Bagong Ilog, Pasig City	2018	1.0
Total		7.1

4) ROBINSONS HOMES

Robinsons Homes is one of the four residential brands of RLC. It offers choice lots in master planned, gated subdivisions with option for house construction to satisfy every Filipino's dream of owning his own home.

As of December 31, 2018, Robinsons Homes has thirty eight (38) projects in its portfolio. Eleven (11) of these projects are on-going construction, two of which are awating for the receipt of License to Sell (LS) to launch. Among the thirty eight (38) projects, twenty seven (27) have been substantially completed and sold. Key details of RLC's projects in Robinsons Homes as of calendar year 2018 are set forth in the table below:

Name	Location	Started (1)	Approximate Gross Land Area (2)	Number of Lots/Units
			(in hectares)	
Robinsons Homes East	Antipolo City	August 1995	41.0	3,735
Robinsons Vineyard	Cavite	May 1996	71.8	2,899
South Square Village......................	Cavite	August 1998	26.7	3,896
San Lorenzo Homes.......................	Antipolo City	September 1999	2.8	372
Robinsons Highlands......................	Davao City	May 1999	46.0	811
Grosvenor Place.............................	Cavite	July 2000	13.9	999
Robinsons Hillsborough Pointe´......	Cagayan De Oro City	November 2002	20.0	318
Forest Parkhomes	Angeles City	August 2004	8.9	319
San Jose Estates	Antipolo City	May 2005	1.8	80
Robinsons Residenza Milano	Batangas City	August 2005	7.3	357
Fernwood Parkhomes	Pampanga	November 2005	14.5	654
Rosewood Parkhomes	Angeles City	November 2005	3.0	117
Bloomfields Tagaytay	Tagaytay City	November 2005	4.2	104
Richmond Hills	Cagayan De Oro City	May 2005	8.3	282
Bloomfields Davao	Davao City	June 2006	10.5	316
Mirada Dos.....................................	Pampanga	September 2006	4.5	181
Brighton Parkplace	Laoag City	December 2006	5.0	172
Brighton Parkplace North	Laoag City	April 2007	3.8	90
Montclair Highlands	Davao City	July 2007	15.3	365
Aspen Heights................................	Consolacion, Cebu	July 2007	25.0	583
Blue Coast Residences..................	Cebu	November 2007	3.2	79
Fresno Parkview	Cagayan de Oro City	February 2008	15.0	501
St. Bernice Estates	Antipolo City	March 2008	3.4	212
Hanalei Heights	Laoag City	March 2011	22.2	558
Forest Parkhomes North	Angeles City	March 2011	7.0	276
Grand Tierra..................................	Tarlac	May 2011	18.3	572
St. Judith Hills................................	Antipolo City	June 2012	9.6	390
Bloomfields Heights Lipa	Lipa, Batangas	July 2012	12.4	340
Nizanta at Ciudades	Davao City	March 2013	12.9	477
Bloomfields Cagayan De Oro..........	Cagayan De Oro City	March 2013	6.5	144
Brighton Baliwag............................	Baliwag, Bulacan	April 2014	15.7	524
Bloomfields General Santos……….	General Santos City	May 2014	33.0	755
Brighton Bacolod……………………	Negros Island	February 2016	22.4	735
Brighton Puerto Princesa…………..	Palawan	August 2016	13.1	377

[1] *The Company considers a project "started" when it has obtained permits necessary that allow it to pre-sell lots.*
[2] *"Gross Land Area" means the total area of land acquired by the Company*

Name	Location	Started (1)	Approximate Gross Land Area (2)	Number of Lots/Units
			(in hectares)	
Springdale at Pueblo Angono……	Angono, Rizal	November 2016	3.8	197
Brighton at Pueblo Angono……….	Angono, Rizal	August 2017	4.6	140
Terrazo at Robinsons Vineyard…	Cavite	-	13.4	477
Monte Del Sol……………………..	Misamis Oriental	-	3.3	256

The Robinsons Homes portfolio of projects are described as follows:

1. ***Robinsons Homes East***. A 41-hectare community development located in Brgy. San Jose, Antipolo City, Rizal. The development consists of three enclaves: a.) Robinsons Homes East, a project with about 3,000 mixed houseand-lot packages; b.) San Jose Heights, a subdivision of more than 200 townhouse units and option for lot-only purchase; and finally, c.) Robinsons Commercial Arcade, featuring fourteen (14) shop house units at 190sqm/unit and eight commercial lots with a minimum size of 216 sqm/unit.

2. ***Robinsons Vineyard***. A 71.8-hectare joint-venture project with Vine Development Corporation located in Dasmariñas, Cavite. It consists of about 2,900 residential lots with an average lot size of approximately 120 square meters each. In addition to the mid-cost residential lots offered in Robinsons Vineyard, Robinsons Homes also offers house and lot packages to prospective clients.

3. ***Southsquare Village***. This is a 26.7-hectare socialized housing project located in General Trias, Cavite. On the average, each housing unit has a floor area of 20 square meters lying on a minimum 32 square meter lot. The project has almost 4,000 residential units. Southsquare Plaza, a commercial development within the subdivision, offers lots only, with minimum lot area of 100 square meters.

4. ***San Lorenzo Homes***. This is a 2.8-hectare expansion project of Robinsons Home East. It is a 372-unit neighborhood of 2-storey houses, each with a floor area of 48 square meters, built on lots with a minimum size of 40 square meters. This project has been fully completed.

5. ***Robinsons Highlands***. This is a 46.0-hectare, middle-cost residential development located in Buhangin, Davao City, and a joint venture with Lopzcom Realty Corporation. This project consists of three enclaves, namely Robinsons Highlands, Highland Crest, and Highlands Peak. This subdivision features over 800 residential lots with an average lot size of 180 square meters.

6. ***Grosvenor Place***. This is a 13.9-hectare residential/commercial development project located in Tanza, Cavite. This development offers 999 lots with an average lot cut of 120 square meters.

7. ***Robinsons Hillsborough Pointé*.** This subdivision is a 20-hectare joint venture with Pueblo de Oro Development Corporation. The project is situated within the 360-hectare Pueblo de Oro Township project in Cagayan de Oro City. RLC's share in the joint venture is 318 lots in four phases, which have been fully completed. The lots have an average size of 150 square meters.

8. ***Forest Parkhomes*.** An 8.9 hectare mid-cost residential subdivision in Bgy. Pampang, Angeles City, Pampanga, Forest Parkhomes is RLC's first housing development in the North. The project is a joint venture with Don Pepe Henson Enterprises, Inc. It offers 319 units with a minimum lot size of 150 square meters.

9. ***San Jose Estates*.** This is a 2-hectare residential enclave in front of Robinsons Homes East in Antipolo City; the project consists of 80 units. Minimum cuts for residential lots is 120 square meters per unit.

10. ***Robinsons Residenza Milano*.** Set in the rustic village of San Isidro, Batangas City, this 7.3-hectare Italian-inspired residential subdivision primarily caters to OFWs in Italy. Robinsons Homes' first venture in Batangas offers 357 households with a minimum lot cut of 100 square meters per unit.

11. ***Fernwood Parkhomes*.** This 14.5-hectare residential subdivision in the town of Mabalacat, Pampanga is strategically located right next to Sta. Ines exit of the NLEX. It is developed in partnership with Mayen Development Corp. and Mayen Paper Inc., this Mediterranean-inspired residential community features 654 households, each with a minimum lot cut of 120 square meters. A commercial development located along its frontage is also offered.

12. ***Rosewood Parkhomes.*** Located along Fil-Am Friendship Highway in Brgy. Cutcut, Angeles City, this 3-hectare contemporary American-inspired joint venture project with Ms. Rosalie Henson-Naguiat offers exclusivity to 116 choice residential lots. The subdivision primarily offers lots-only, with option for housing, with an average-per-unit lot cut of 150 square meters for residential and 195 square meters for commercial.

13. ***Bloomfields Tagaytay.*** Located in the heart of Tagaytay City, this serene contemporary American-inspired enclave features 104 prime residential lots with minimum lot cuts of 240 square meters. This 4.2-hectare haven has ready access to the adjacent commercial center, hotel and sports facilities in addition to its own leisure amenities.

14. ***Richmond Hills.*** Located within an 8.3-hectare property of Dongallo Family, this mid-cost subdivision in Brgy. Camaman-an, Cagayan De Oro City, offers both a scenic view of the city skyline and a serene living experience complemented by a picturesque view. Offering a total of 282

lots with option for housing and with an average lot cut of 150 square meters.

15. ***Bloomfields Davao.*** This exclusive 10.5-hectare residential subdivision in Lanang, Davao City fronts the prestigious Lanang Golf Course and Country Club and is just 15 minutes away from downtown and Davao International Airport. Charmed with the American contemporary theme, this upscale residential development has 316 residential lots that is enveloped with fresh breeze from the mountains and sea.

16. ***Monte del Sol.*** A 3.3-hectare residential subdivision located at El Salvador, Misamis Oriental. Monte del Sol offers 256 lots, with lot areas ranging from 72 to 250 square meters.

17. ***Mirada Dos.*** This Spanish-themed clustered parkhomes in Northern Luzon is situated within the 4.5-hectare property of the Miranda Family. Nestled along MacArthur Highway, Brgy. Sindalan, San Fernando, Pampanga, this mid-cost residential/commercial subdivision offers 181 lots with sizes ranging from 150 to 230 square meters.

18. ***Forest Parkhomes North.*** This is an exclusive 7-hectare residential community located at Brgy. Pampang, Angeles City, Pampanga. This is a mid-cost residential subdivision with approximately 276 lots at an average lot cut of 150 square meters.

19. ***Hanalei Heights.*** A 22.2-hectare prime residential enclave located just a few kilometers away from the Laoag International Airport and the famous Fort Ilocandia Hotel Complex, Hanalei Heights offers 558 lots at an average lot cut of 120 square meters. This project is located at Brgy. Balacad, Laoag City, Ilocos Norte.

20. ***Brighton Parkplace.*** A 5.0-hectare mid-cost residential development is located at Brgy. Araniw, Laoag City, Ilocos Norte. Offering over 170 residential lots with predominant lot cuts ranging from 150 to 200 square meters, Brighton Parkplace also offers easy access to the Laoag International Airport and Robinsons Place Ilocos.

21. ***Brighton Parkplace North.*** This development is a 3.8-hectare residential development located at Brgy. Cavit, Laoag City, Ilocos Norte. This subdivision offers 90 residential lots with lot sizes that range from 195 to 445 square meters.

22. ***Montclair Highlands.*** A 15.3-hectare residential development offers 365-unit mid-cost residential cum commercial development is located along the Diversion Road in Buhangin, Davao City. Lot cuts range from 192 to 440 square meters.

23. ***Aspen Heights.*** A 25.0-hectare mid-cost residential development, located in Brgy. Tolo-tolo and Brgy. Danglag, Consolacion, Cebu, offers 583 units with predominant lot cut of 120 square meters.

24. ***Blue Coast Residences.*** This 3.2-hectare nature-endowed residential resort community is located in the Mactan Island of Cebu. With 79 units at lot cuts ranging from 96 to 400 square meters, the project is also conveninetly located less than 5 minutes away from the Mactan International Airport and offers a picturesque sea view right from your own home.

25. ***Fresno Parkview*****.** A 15.0-hectare mid-cost development is located in Brgy. Lumbia, Cagayan de Oro. It offers 501 residential units with predominant lot cut of 150 square meters amidst its rolling terrain and impressive view.

26. ***St. Bernice Estates*****.** This is an expansion of San Jose Estates, this 3.4-hectare residential project along the Antipolo-Teresa Highway in Bgy. San Jose, Antipolo City, offers 212 residential units with options for lot-only and house-and-lot packages.

27. ***Nizanta at Ciudades*****.** This 12.9-hectare property is a tropical Asian-inspired development located in Brgy. Mandug, Davao City. Prospective buyers may choose from 477 residential lots with lot cuts that range from 150 to 220 square meters.

28. ***Grand Tierra*****.** This 18.3-hectare residential development is a Western-inspired community located in Capas, Tarlac. This offers 572 lots with predominant lot cut of 140 square meters.

29. ***Bloomfields Heights Lipa.*** A 12.4-hectare premium residential development located in Brgy. Tibig, Lipa City, Batangas. This masterplanned community showcases a modern tropical theme and offers 340 residential units. With a typical lot area of 192 square meters, this subdivision is also complemented by wide-open spaces and exclusive lifestyle amenities.

30. ***St. Judith Hills.*** A 9.6-hectare mid-cost development located in Brgy. San Jose, Antipolo City. It is mediterranean-inspired with 279 residential lots with predominant lot cuts of 150 square meters for lots only and 111 townhouse units with a lot size of 75 square meters.

31. ***Bloomfields General Santos.*** A 33-hectare residential development located in Brgy. Labangal, General Santos City. This tropical oasis in the heart of the city offers 755 residential and commercial lots with lot cuts ranging from approximately 200 to 600 square meters.

32. ***Bloomfields Cagayan De Oro.*** Enjoy relaxed tropical living at this 6.5-hectare haven where lush greenery over rolling terrain. Overlooking the majestic Cagayan De Oro skyline, this prime residential development features 144 lots with lot cuts averaging 250 square meters in size.

33. ***Brighton Baliwag.*** A 15.7 hectare residential development located in Brgy. Sta. Barbara, Baliwag, Bulacan. This Mediterranean themed subdivision offers 524 residential lots with a predominant lot cut of 180 square meters.

34. ***Brighton Bacolod.*** This 22.4 hectare subdivision in Brgy. Estefania Bacolod City is the first foray of Robinsons Homes in Negros Islands. The mediterranean-themed development has 735 residential lots with a predominant lot cut of 180 square meters.

35. ***Brighton Puerto Princesa.*** This mediterranean-themed subdivision offers 377 residential lots in a 13.1-hectare development catered to locals and tourists. Average lot area is 180 square meters which is complemented by amenities such as clubhouse, multi-purpose court and swimming pool.

36. ***Springdale at Pueblo Angono.*** An affordable modern-contemporary residential development spanning 3.8 hectares of land. This subdivision offers 197 units with a predominant area of 100 square meters.

37. ***Brighton at Pueblo Angono.*** An Asian-Tropical themed subdivision of 140 residential lots ideal for clients with a growing family. This development has a predominant lot cut of 180 square meters and is completed by amenities fit for families looking for a brighter future ahead.

38. ***Terrazo at Robinsons Vineyard.*** This 13.4-hectare contemporary-themed expansion of Robinsons Vineyard offers 477 residential lots catered to middle-class families who want to reside in Dasmariñas, Cavite.

Some of these developments include lots zoned for commercial use. For projects undertaken through joint venture arrangements, these commercial lots are allocated equitably between RLC and its joint venture partners.

As of December 31, 2018, RLC was awaiting the receipt of License to Sell (LS) to launch two (2) new projects by Robinsons Homes, namely Terrazo at Robinsons Vineyard and Monte Del Sol.

The Company's business plan for Robinsons Homes, subject to market conditions, is to launch at least two new projects per year. To this end, the Company is expanding the geographic region in which it seeks land by pursuing opportunities in select regional areas. As of December 31, 2018, it was in various stages of negotiations for the acquisition of approximately 85 hectares of land in key regional cities throughout the Philippines.

iii. Office Buildings Division

RLC's Office Buildings Division develops office buildings for lease. The Office Buildings Division accounted for ₱4.29 billion or 15% of RLC's revenues and ₱3.76 billion or 23% of RLC's EBITDA in calendar year 2018, and ₱3.27 billion or 15% of RLC's revenues and ₱2.93 billion or 23% of RLC's EBITDA in calendar year 2017. As of December 31, 2018, the Company's Office Buildings Division had assets, valued on a historical cost less depreciation basis, of ₱19.46 billion.

RLC engages outside architects and engineers for the design of its office buildings developments. Due to the sustained growth from the IT Business Process Management (IT-BPM) sector and increasing office space demands from other multinational and logistic companies, the Company has secured a number of major customers as long-term tenants in its office building space and has continuously improved its building developments including its building features, office layouts and amenities. The Company is one of the leading providers of office spaces in the Philippines.

In December 2018, the Office Buildings Division opened its own flexible workspace business, "work.able". It is located at the ground floor and penthouse of Cyberscape Gamma in Ortigas CBD. It offers plug and play workspaces to clients who are looking for flexible office options such as private offices, venues for meetings and events and co-working spaces.

As of December 31, 2018, the Office Buildings Division has completed twenty (20) office developments with the completion of Cyberscape Gamma in Ortigas CBD, Pasig City, Exxa and Zeta Towers in Bridgetowne East, Quezon City thereby increasing its leasable space by 29%. In the next two years, the Company is targeting to complete six (6) office buildings located in key cities across the country. The Company's completed office developments are described below.

Name,	Location	Size & Designation
Galleria Corporate Center..........................	Along EDSA corner Ortigas Avenue, Quezon City	30 storeys
Robinsons-Equitable Tower.......................	Corner of ADB and Poveda Streets, Pasig City	45 storeys
Robinsons Summit Center.........................	Ayala Avenue, Makati City	37 storeys
Robinsons Cybergate Center Tower 1	Pioneer Street, Mandaluyong City	18 storeys
Robinsons Cybergate Center Tower 2	Pioneer Street, Mandaluyong City	27 storeys
Robinsons Cybergate Center Tower 3	Pioneer Street, Mandaluyong City	27 storeys
Robinsons Cybergate Plaza	EDSA, Mandaluyong City	12 storeys
Robinsons Cybergate Cebu………………….	Fuente Osmena, Bo. Capitol, Cebu City	3 storeys
Cyberscape Alpha….................................	Sapphire and Garnet Roads, Pasig City	26 storeys
Cyberscape Beta......................................	Ruby and Topaz Roads, Pasig City	37 storeys
Tera Tower……………………………………	Bridgetowne, C5 Road, Quezon City	20 storeys
Robinsons Galleria Cebu Office……………	Gen. Maxilom Avenue, Cebu City	4 storeys
Robinsons Place Ilocos Office……………...	San Nicolas, Ilocos Norte	4 storeys
Cyber Sigma………………….……………..	Fort Bonifacio, Taguig City	21 storeys
Robinsons Luisita Office…………………...	Luisita, Tarlac City	3 storeys
Cybergate Delta……………….………….....	JP. Laurel Ave., Davao City	5 storeys
Cybergate Naga………………………….…...	Roxas Ave., Naga City	4 storeys
Cyberscape Gamma………………………...	Ruby and Topaz Roads, Pasig City	37 storeys
Exxa Tower…………………………………...	Bridgetowne, C5 Road, Quezon City	20 storeys
Zeta Tower……………………………………	Bridgetowne, C5 Road, Quezon City	20 storeys

The Company's completed office buildings are described as follows:

1. ***Galleria Corporate Center*.** This is a 30-storey office tower located along EDSA corner Ortigas Avenue in Quezon City which is directly connected to the Robinsons Galleria shopping mall. The office tower has an approximate net floor area (comprising only leasable space) of 25,000 square meters. As of December 31, 2018, approximately 85% of the Galleria Corporate Center had been sold while the remaining areas, which are owned by RLC, had a 100% occupancy rate.

2. ***Robinsons-Equitable Tower*.** This is a 45-storey office tower located at the corner of ADB Avenue and Poveda Street in Pasig City. The office tower has an approximate net floor area (comprising only leasable space) of 52,000 square meters. As of December 31, 2018, RLC had sold approximately 70% of the net floor area within Robinsons-Equitable Tower and retains the rest for lease. RLC-owned units within Robinsons-Equitable Tower had a 100% occupancy rate as of December 31, 2018.

3. ***Robinsons Summit Center.*** This is a 37-storey office tower located along Ayala Avenue in the Makati central business district. The office tower has an approximate net floor area (comprising only leasable space) of 31,000 square meters. RLC owns and is currently leasing out substantially all of the net floor area of this building. RLC-owned units within Robinsons Summit Center had a 100% occupancy rate as of December 31, 2018.

4. ***Robinsons Cybergate Center Tower 1.*** This is an 18-storey office building complex located at Pioneer St., Mandaluyong. The office building has an an approximate gross leasable area of 27,000 square meters. RLC owns 100% of the net floor area. Robinsons Cybergate Center Tower 1 had a 100% occupancy rate as of December 31, 2018.

5. ***Robinsons Cybergate Center Tower 2*.** This is a 27-storey office building, located in the Pioneer mixed-use complex next to Robinsons Cybergate Center Tower 1. The office building has an approximate gross leasable area of 44,000 square meters. RLC owns 100% of the net floor area. Robinsons Cybergate Center Tower 2 had a 100% occupancy rate as of December 31, 2018.

6. ***Robinsons Cybergate Center Tower 3*.** This is a 27-storey office buildings, located in the Pioneer mixed-use complex. The office building has an approximate gross leasable area of 44,000 square meters. RLC owns 100% of the net floor area. Robinsons Cybergate Center Tower 3 had a 99.6% occupancy rate as of December 31, 2018.

7. ***Robinsons Cybergate Plaza.*** This is a 12-storey building, located within the Pioneer mixed-use complex, along EDSA. The building has 2 hotel floors with an approximate area of 7,000 square meters and small-cut retail spaces at the ground floor. The office floors are located at the 2^{nd}, 7^{th} to 12^{th} floors with an approximate gross leasable area of 25,000 square meters. RLC owns 100% of the net floor area. Robinsons Cybergate Plaza had a 100% occupancy rate as of December 31, 2018.

8. ***Robinsons Cybergate Cebu*.** This is a mixed-use building with a mall and office space located in Fuente Osmena Circle, Cebu City. The office space comprise three floors located on top of the mall with an approximate gross leasable area of 7,000 sqm. As of December 31, 2018, the office floors had an occupancy rate of 100%.

9. ***Cyberscape Alpha.*** This is a 26-storey building, located along Sapphire and Garnet Roads within the Ortigas CBD, only a stone's throw away from Robinsons Galleria. The building has 3 hotel floors with an approximate area of 6,000 square meters and small-cut retail spaces at the ground floor. The office floors are located from the 5th to the 26th levels. The building has a gross leasable area of approximately 38,500 square meters. RLC owns 100% of the gross floor area. Cyberscape Alpha had a 100% occupancy rate as of December 31, 2018.

10. ***Cyberscape Beta.*** This is a 37-storey building, located along Topaz and Ruby Roads within the Ortigas CBD. Retail spaces are located at the Ground and Mezzanine levels. The office floors are located from the 9th to the 37th levels. The building has a gross leasable area of approximately 42,000 square meters. RLC owns 100% of the gross floor area. Cyberscape Beta had a 100% occupancy rate as of December 31, 2018.

11. ***Tera Tower.*** This is a 20-storey building, located within the Bridgetowne Complex in C-5 Road, Ugong Norte in Quezon City. The building has retail support at the ground floor. The office spaces are located at the 6th to 20th floors. The building has a gross leasable area of approximately 35,000 square meters. RLC owns 100% of the gross floor area. Tera Tower had a 100% occupancy rate as of December 31, 2018.

12. ***Robinsons Galleria Cebu Office.*** The office development is integrated with the mall. It is located at General Maxilom Avenue, corner Sergio Osmena Boulevard in Cebu City. It has a total gross leasable area of approximately 8,500 square meters. The office has its own lobby and RLC owns 100% of the gross floor area. Robinsons Galleria Cebu had a 70.7% occupancy rate as of December 31, 2018.

13. ***Robinsons Place Ilocos Office.*** This office development is integrated with the mall expansion. The office development has a gross leasable area of 7,500 square meters and it is 100% owned by RLC.

14. ***Cyber Sigma.*** This is a 21-storey office development located in Fort Bonifacio, Taguig City. The office project has access to both Lawton Avenue and Le Grand in Mckinley West. It has a leasable area of approximately 50,000 sqm and was completed last December 2017. It had an occupany rate of 89.2% as of December 31, 2018.

15. ***Robinsons Luisita Office.*** This build to suit development consists of a 3-storey of dedicated office space to a BPO client. The space was commited ahead and was custom built based on the requirement of our client. It has

a leasable area of 5,700 sqm and was completed last October 31, 2017. As of December 31, 2018, it had a 100% occupancy rate.

16. ***Cybergate Delta.*** This is a 5-storey office project located within the PEZA registered IT Park, Robinsons Cyberpark located in JP. Laurel Avenue in Davao City. The development sits on more than a hectare property and has it's own commercial spaces at the ground floor to support its office tenants' food and dining requirements. It has a leasable area of approximately 11,900 sqm and was completed last December 2017. As of December 31, 2018, it had an occupancy rate of 47.4%.

17. ***Cybergate Naga.*** This office development is located within the Robinsons Place Naga complex in Roxas Ave, Naga City. It is a 4-storey office development with a leasable area of approximately 5,700 sqm. As of December 31, 2018 occupancy rate is at 100%.

18. ***Cyberscape Gamma.*** This is a 37-storey building, located along Topaz and Ruby Roads within the Ortigas CBD. This is interconnected with Cyberscape Beta via its Ground, Mezzanine and parking floors. The building has a gross leasable area of approximately 43,500 square meters. This was completed in December 2018 and during the same period it had a 57.2% occupancy rate.

19. ***Exxa Tower.*** This 20-storey office building, located within the Bridgetowne Complex in C-5 Road, Ugong Norte in Quezon City, is a twin tower of Zeta Tower. They share common retail and parking podium floors. The building including the 2 floors of retail spaces has a gross leasable area of approximately 39,800 square meters. RLC owns 100% of the gross floor area. As of December 31, 2018, it had an occupancy rate of 91.7%.

20. ***Zeta Tower.*** This is a 20-storey office building, located within the Bridgetowne Complex in C-5 Road, Ugong Norte in Quezon City. The building has a gross leasable area of approximately 34,500 square meters. RLC owns 100% of the gross floor area. The building was completed in December 31, 2018 and as of the same period, it had an occupancy rate of 19.2%.

iv. Hotels and Resorts Division

RLC's Hotels and Resorts Division owns and operates hotels within Metro Manila and other urban areas throughout the Philippines. In 2018, it opened Summit Hotel Tacloban in Eastern Visayas integrated to Robinsons Place mall complex which completes the live-work-play promise of the Company. As the largest hotel in Tacloban City, Summit Hotel Tacloban offers 138-rooms, grand ballroom and meeting facilities, uniquely designed and inspired from Tacloban's history, culture and people. This year, Robinsons Hotels and Resorts opened Go Hotels Iligan, the biggest hotel in Northern Mindanao. The hotel is strategically located beside Robinsons Place Iligan, the city's largest shopping mall. Specifically built with the business traveler in mind, Go Hotels

Iligan offers comfortable spaces for business meetings, social gatherings and a function hall that can accommodate up to 200 guests for corporate events. RLC's Hotels and Resorts Division currently has a portfolio of eighteen (18) hotel properties. As of December 31, 2018, the Company's Hotels and Resorts Division had assets, valued on a historical cost less depreciation basis, of ₱7.88 billion.

The Hotels and Resorts Division accounted for ₱1.98 billion or 7% of RLC's revenues and ₱0.67 billion or 4% of RLC's EBITDA in calendar year 2018, and ₱1.89 billion or 8% of RLC's revenues and ₱0.72 billion or 6% of RLC's EBITDA in calendar year 2017.

Although the Hotels and Resorts Division is an important part of RLC's business, the Company considers its primary value to be as a complement to its other developments.

On its path to becoming the best and biggest hotel company in the Philippines, over the next years, we will see more Go Hotels and Summit Hotels as part of the division's expansion program across the country.

Go Hotels has steadily increased its presence in the Philippines with eleven (11) operational branches, offering a total of more than 1,500 rooms, in strategic cities across the country. Its thrust is to build in locations with high market demand. To support expansion of the brand, Go Hotels is open to franchising.

The table below sets out certain key details of RLC's hotel portfolio as of December 31, 2018:

HOTEL	LOCATION	CLASSIFICATION	NUMBER OF AVAILABLE ROOMS
Crowne Plaza Manila Galleria ….	Ortigas Avenue, Cor ADB Avenue, Quezon City	De Luxe	263
Holiday Inn Manila Galleria…………………………...	One ADB Avenue, Ortigas Center, Pasig City	De Luxe	285
Summit Circle Cebu (formerly Cebu Midtown Hotel) ……………	Fuente Osmena cor. F. Ramos Street, Cebu City	Standard	211
Summit Ridge Tagaytay ………..	Aguinaldo Highway, Tagaytay City	De Luxe	108
Summit Hotel Magnolia…………	Dona Hemady cor. Aurora Boulevard, Quezon City	-	82
Summit Galleria Cebu...…………	Benedicto St. Cor. Gen. Maxilom Ave. Ext., Cebu City	-	215
Summit Hotel Tacloban…………	National Highway, Marasbaras, Tacloban City	-	131
Go Hotel …………………………..	EDSA, Mandaluyong City	Economy	223
Go Hotel …………………………..	Puerto Princesa City, Palawan	Economy	108
Go Hotel …………………………..	Dumaguete City, Negros Oriental	Tourist Inn	102

Go Hotel ………………………….	Tacloban City, Leyte	Tourist Inn	98
Go Hotel ………………………….	Bacolod City, Negros Occidental	Economy	108
Go Hotel ………………………….	Paco, Manila	Economy	118
Go Hotel ………………………….	Iloilo City	Economy	167
Go Hotel ………………………….	Ortigas Center, Pasig City	Economy	198
Go Hotel…………………………...	Butuan City	Economy	104
Go Hotel…………………………...	Lanang, Davao City	Economy	183
Go Hotel…………………………...	Iligan City, Lanao Del Norte	-	38
Total			2,742

As of December 31, 2018, the Company's Hotels and Resorts Division has a system-wide average occupancy rate of 62%.

RLC's Crowne Plaza and Holiday Inn hotels are managed by Holiday Inn (Philippines), Inc., a subsidiary of the InterContinental Hotels Group ("InterContinental"), pursuant to a long-term management contract. The contract, which commenced in July 2005, has an initial term of ten years. On June 2015, the contract was extended for another 3 years, and in March 2018, the contract was further extended until 2028. Holiday Inn has the sole and exclusive right to control the operational activities of each hotel. Holiday Inn's key management duties include, inter alia, handling all personnel matters, including those pertaining to the general manager and financial controller of each hotel, carrying out accounting and budgeting activities in consultation with RLC and operating each hotel in accordance with the operating standards for the appropriate hotel brand. It also carries out advertising activities in connection with the international sales and marketing programs of the Holiday Inn and Crowne Plaza hotel chains (including use of web-based reservations systems). Holiday Inn receives management and incentive fees for managing these two properties. RLC employs all hotel employees except for key management personnel, including the general manager and financial controller of each hotel and other key personnel as determined by Holiday Inn.

RLC manages the Summit Circle Cebu (formerly Cebu Midtown Hotel), Summit Ridge Tagaytay, Summit Hotel Magnolia, Summit Galleria Cebu, Summit Hotel Tacloban and the eleven (11) Go Hotels directly.

In calendar year 2018, Go Hotels opened in Iligan City. Go Hotels is present also in Mandaluyong, Puerto Princesa, Dumaguete, Tacloban, Bacolod, Otis - Manila, Iloilo, Ortigas Center, Butuan, and Lanang-Davao. Under its franchise partner, Roxaco-Asia Hospitality Corporation, Go Hotels is present in Manila Airport Road, Ermita Manila, Timog-Quezon City, Cubao-Quezon City and North Edsa-Quezon City, bringing the total number of properties to sixteen (16) with 2,410 rooms.

In 2019, Robinsons Hotels and Resorts will add a total of 635 rooms to its portfolio. The five (5) new hotels that will open are Dusit Thani Mactan Cebu, Summit Hotel Greenhills, Summit Hotel Naga, Go Hotel Naga, and Go Hotel Tuguegarao.

Robinsons Hotels and Resorts will continue to build hotels in key locations aiming to become the largest hospitality group with the widest variety of brands and formats in the country.

v. Industrial and Integrated Developments

(Industrial and Integrated Developments) IID is focused on strategic land bank acquisition and management, exploration of real estate-related infrastructure projects, and development of warehouse and logistics facilities. Pilot projects under IID are the development of Sierra Valley, the 18-hectare property in Cainta, Rizal, as well as the thirty-hectare Bridgetowne Complex near Ortigas Center and the warehousing facility in Muntinlupa. In 2018, the Company aims to commence the land development in Sierra Valley and to complete the construction of the warehouse facility in Muntinlupa.

The IID Division accounted for ₱2.64 billion or 9% of RLC's revenues, 95% accounts for the sale of the commercial lots and the remainder 5% is the revenue generated from the warehouse business, and ₱2.03 billion or 12% of RLC's EBITDA in calendar year 2018. As of December 31, 2018, the Company's IID Division had assets, valued on a historical cost less depreciation basis, of ₱19.17 billion.

c) Significant Subsidiaries

As of December 31, 2018, RLC has eleven (11) subsidiaries, all of which are consolidated with the Company's financial statements.

On March 4, 2009, the Securities and Exchange Commission (SEC) approved the plan of merger of the Parent Company with wholly-owned subsidiaries, Robinsons Homes, Inc. (RHI), Trion Homes Development Corporation (THDC) and Manila Midtown Hotels and Land Corporation (MMHLC). The merger resulted to enhanced operating efficiencies and economies, increased financial strength through pooling of resources and more favorable financing and credit facilities. No Parent Company shares were issued in exchange for the net assets of RHI, THDC and MMHLC.

The merger was accounted for similar to a pooling of interest method because the combined entities were under common control, therefore, has no effect on the consolidated financial statements. The subsidiaries after the merger are RII, RRMC, RPMMC, RCL, AAI, AMVI, ASN, GHDI, RLCRL , BPVI and BRFLC.

Key details of each of RLC's subsidiaries are set forth below.

1. ***Robinson's Inn, Inc.*** Robinson's Inn, Inc. (RII) was incorporated on October 19, 1988, has a registered share capital of 25,000,000 and is 100% owned by RLC. RII's principal business is to engage in the development and operation of

apartelles, inns, motels, condominiums, apartments and other allied business, and to acquire, purchase, sell, assign or lease land, buildings and other improvements. RII is part of the Company's hotels and resorts division, and runs the Robinsons Apartelle which closed operations effective August 31, 2007.

2. ***Robinsons Realty and Management Corporation.*** Robinsons Realty and Management Corporation (RRMC) was registered with the Philippine Securities and Exchange Commission on May 16, 1988 primarily to acquire by purchase, lease, donation or otherwise, and to own, use , improve, develop, subdivide, sell, mortgage, exchange, lease and hold for investment or otherwise, real estate of all kinds.

3. ***Robinsons Properties Marketing and Management Corporation.*** Robinsons Properties Marketing and Management Corporation (RPMMC) was incorporated on November 25,1998, has a registered share capital of 1,000,000 and is 100%-owned by the Parent Company. RPMMC is part of the Company's Residential Division. RPMMC manages the marketing of the portfolio of residential units that are available for sale through the Residential Division's Robinsons Communities, Robinsons Residences, and Robinsons Luxuria brands. RPMMC's primary purpose is to acquire, own, use, sell, exchange, lease and develop real property of all kinds, and to market, manage or otherwise sell and convey buildings, houses, apartments and other structures of whatever kind together with their appurtenances.

4. ***Robinsons (Cayman) Limited.*** Robinsons (Cayman) Limited (RCL) was incorporated in Cayman Islands, British West Indies on March 25, 1997 with a registered authorized capital stock of US$50,000.00 at $1.00 per share, 1,000 shares of which is subscribed and paid up by the Parent Company. RCL acts as a real estate agent on the international market, among others, for the Residential Division.

5. ***Altus Angeles, Inc.*** Altus Angeles, Inc. (AAI) was incorporated on October 30, 2002, has a registered share capital of 400,000 and is 51%-owned by the Parent Company. AAI is a joint venture within the Company's Commercial Centers Division. AAI's principal business is to establish, manage and maintain commercial complexes, offer such services and merchandise of all kinds and to do and perform such acts as necessary or incidental to the accomplishment of the foregoing corporate business objects insofar as may be allowed by applicable rules and regulations.

6. ***Altus Mall Ventures, Inc.*** Altus Mall Ventures, Inc. (AMVI) was incorporated on August 19, 2002, has a registered share capital of 4,000,000 and is 100%-owned by the Parent Company. AMV's primary purpose is to acquire by purchase, lease, donation or otherwise, and to own, use , improve, develop, subdivide, sell, mortgage, exchange, lease and hold for investment or otherwise, real estate of all kinds.

7. ***Altus San Nicolas Corp.*** Altus San Nicolas Corp. (ASNC) was incorporated on March 28, 2007, has a registered share capital of 40,000,000 and is 100%-owned by the Parent Company starting March 2013. Prior to the buy out, ASNC is 80% owned by the Parent Company. ASNC's principal business is to

establish, manage and maintain a commercial complex and to enter into all kinds of contracts, agreements, and obligations for the leasing of commercial space or the disposition, sale of goods and merchandise of all kinds and perform such acts and things necessary or incidental to the accomplishment of the foregoing corporate business and objects as may be allowed by applicable laws, rules and regulations, without engaging in retail business.

8. ***GoHotels Davao, Inc.*** GoHotels Davao, Inc. (GHDI) was incorporated on March 13, 2013, has a registered share capital of 100,000,000 and is 51%-owned by the Parent Company. GHDI is a joint venture between RLC within the Hotels and Resorts Division and Udenna Development Corporation (UDEVCO). GHDI's principal business is to establish, acquire, own, develop, operate and manage hotels and/or transient guest lodging services under the "gohotels.ph" mark and other similar and ancillary facilities and services related to the hospitality and allied industries, offer such services and merchandise to the public in connection with the operation of hotels and/or transient guest lodging services, and to make and enter into all kinds of contracts, agreements and obligations with any person, partnership, corporation or association for the leasing of commercial space or the disposition, sale, acquisition of goods, wares, merchandise, and services of all kinds and to do and perform such acts and things necessary or incidental to the accomplishment of the foregoing corporate business and objects as may be allowed by applicable laws, rules and regulations.

9. ***RLC Resources, Ltd.*** RLC Resources, Ltd. (RLCRL) was incorporated on September 10, 2001 in the British Virgin Islands as an International Business Company, has an initial registered share capital of 50,000, which was increased to 500,000 in fiscal year 2016 and is 100%-owned by the Parent Company. RLC Resources, Ltd.'s principal business is to purchase or otherwise acquire and undertake the whole or any part of the business, goodwill, assets and liabilities of any person, firm or company; to acquire an interest in, amalgamate with or enter into arrangements with any person, firm or company; to promote, sponsor, establish, constitute, form, participate in, organize, manage, supervise and control any corporation, company, fund, trust, business or institution; to purchase or otherwise acquire and hold, in any manner and upon any terms, and to underwrite, invest and deal in shares, stocks, debentures, debenture stock, annuities and foreign exchange, foreign currency deposits and commodities and enter into any interest rate exchange contracts, forward contracts, futures contracts and enforce all rights and powers incidental to RLCRL's interest therein.

10. ***Bonifacio Property Ventures, Inc.*** Bonifacio Property Ventures, Inc. (BPVI) was incorporated on December 21, 2018, has a registered share capital of 1,000,000,000 with a par value of Php 1.00 per share, 500,000 shares of which is subscribed and paid up by the Parent Company. BPVI's principal business is 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 oppurtenances.

11. ***Bacoor R and F Land Corporation.*** Bacoor R&F Land Corporation (BRFLC) was incorporated on October 15, 2018, has a registed share capital of 10,000,000 with a par value of Php 100.00 per share, 4,000,000 shares of which is subscribed and paid up by Parent Company. BRFLC's principal business is to acquire, own, and hold real estate properties situated in Bacoor City, Province of Cavite or any other properties approved by the Board of Directors or stockholders of the corporation, and to sell, lease, mortgage, alienate or develop the parcels of land acquired by the corporation.

d) Competition

i. Commercial Centers Division

RLC has two major competitors in its Commercial Centers Division—SM Prime Holdings, Inc. (SMPHI) and Ayala Land, Inc. (ALI). Each of these companies has certain distinct advantages over RLC, including SMPHI's considerably larger mall portfolio and ALI's access to prime real estate in the heart of Metro Manila. In terms of total assets and equity accounts as of December 31, 2018, the mall segment of SMPHI has ₱366.3 billion and ₱153.5 billion while the mall segment of ALI has ₱69.8 billion and ₱41.9 billion, respectively. There are a number of other players in the shopping mall business in the Philippines, but they are significantly smaller and, because of the high barriers to entry into the business (which include cost, branding, reputation, scale and access to prime real estate), RLC expects that it will continue to compete principally with these two major companies in this market sector for the foreseeable future. RLC has, however, recently seen an increase in the development of specialty malls by companies that are not traditional players in the industry, and it is unclear whether or how this trend might affect the competitive landscape. Shopping mall operators also face competition from specialty stores, general merchandise stores, discount stores, warehouse outlets, street markets and online stores.

RLC believes its strength is in its mixed-use, retail, commercial and residential developments. RLC operates on the basis of its flexibility in developing malls with different sizes depending on the retail appetite of the market per location. It is focused on balancing its core tenant mix and providing a more distinctive shopping mall experience to its loyal customers, as well as its ability to leverage the brand equity and drawing power of its affiliated companies in the retail trade business.

ii. Residential Division

1. ***Robinsons Luxuria***

The Robinsons Luxuria brand continues to develop projects that caters to the high-end market. It strives to compete with developers who have already established their names in tapping this slice of the market. RLC aims to increase its share of this elite market segment and steer buyers of competitors such as Ayala Land Premier, Rockwell Land Corporation

(ROCK), Century Properties, Inc. (CPI) and Megaworld Corporation (MEG) to its developments. ROCK's total assets and equity accounts as of September 30, 2018 amounted to ₱55.5 billion and ₱19.2 billion, respectively; CPI's total assets and equity accounts as of December 31, 2018 amounted to ₱49.4 billion and ₱17.5 billion, respectively, while MEG's total assets and equity accounts as of September 30, 2018 amounted to ₱327.5 billion and ₱180.8 billion, respectively.

2. ***Robinsons Residences***

RLC's competitors (Alveo Land, MEG, Filinvest Land, Inc. (FLI), and Ortigas & Co.) under this segment targets the same market and offers similar products. There are also a number of players who try to compete in this segment of the market with one or two projects. Projects under Robinsons Residences remain among the top of mind developments as a result of growing experienced sales and distribution network and convenient locations. Projects are located within Central Business Districts or RLC's mixed-use development.

3. ***Robinsons Communities***

Robinsons Communities has numerous competitors in the middle income segment. This is in part a function of the fact that as compared to other business areas, RLC does not enjoy the same "early mover" advantage. Currently, Robinsons Communities' competitors include companies like Avida Land (AL), FLI, SM Development Corporation (SMDC) and DMCI Homes. As of September 30, 2018, total assets and equity accounts amounted to ₱156.4 billion and ₱66.1 billion, respectively, for FLI while total assets and equity accounts of SMPHI as of September 30, 2018 amounted to ₱593.5 billion and ₱270.7 billion, respectively. Based on public records and independent industry reports and its own market knowledge, the Company believes that it is among the top five middle-ranged condominium developers in the Philippines in terms of revenues from sales. The Company believes that it can successfully compete in this market segment on the basis of its brand name, technical expertise, financial standing and track record of successfully completed, quality projects.

4. ***Robinsons Homes***

Recognizing the growing housing market in the Philippines, RLC continues to embark on building subdivisions through its Robinsons Homes brand. For families aspiring to own their first home or upgrade to a better abode and neighborhood, Robinsons Homes provides them themed, master-planned, secure and gated horizontal subdivisions in key urbanized cities nationwide ideal to start the good life. In order to cater to varying market profiles, Robinsons Homes launched its four sub-brands namely: *Happy Homes* for socialized housing, *Springdale* for the affordable market segment, *Brighton* for id-cost development and *Bloomfields* for the high-end market.

It stands in close competition with ALI, FLI and Vista Land & Lifescapes, Inc. (VLL). Total assets and equity accounts of VLL as of September 30, 2018 amounted to ₱227.3 billion and ₱89.8 billion, respectively.

Robinsons Homes competes on the basis of location. It is a nationwide residential subdivision developer with projects in Laoag, Tarlac, Pampanga, Antipolo, Cavite, Batangas, Puerto Princesa, Bacolod, Cebu, Cagayan de Oro, Davao and General Santos. Robinsons Homes is creating not just subdivisions but is forming nurturing communities with lifestyle amenities and support developments in response to the changing lifestyle of Filipinos.

The Company believes that its market specific branding, reliability to deliver and consistent quality products at an affordable price has contributed to its ability to generate sales and its overall success.

iii. Office Buildings Division

The Company believes that competition for office space is principally on the basis of location, quality and reliability of the project's design and equipment, reputation of the developer, availability of space, and PEZA registration. The biggest competitors of the Company under this segment are ALI, Megaworld and SM. The Company competes in this market on the basis of the strategic locations of its buildings, including their proximity to the malls and residences as part of its mixed-use developments and its accessibility to public transportation, building features as the office projects can accommodate all types of tenants including companies in the IT Business Process Management (IT-BPM) sector, corporate headquarters and traditional offices. The Company also believes that its established reputation of good quality, ease of doing business, and completing projects on time makes it one of the most preferred choices of the IT-BPM industry as well as local and multinational companies. The Company is committed in providing an excellent customer experience and satisfaction by developing office projects of high quality and reliability, meeting the evolving needs of its customers.

iv. Hotels and Resorts Division

Philippine Tourism is highly influenced by general political and economic conditions within the country. The Philippines is a preferred destination in the global tourism industry because of its competitiveness in terms of pricing hotel rooms and airline ticket, natural resources and eco-tourism.

Tourism is recognized as an industry of national importance, an engine for investments, employment, growth and national development. Philippine Tourism has emerged as an important contributor to economic growth in the service sector next only to the remittances from Overseas Filipino Workers and the Information Technology and Business Process Outsourcing sector.

The hotel business has seen a continued stabilized situation due to remittances from Filipino overseas workers, IT infrastructure projects in the Philippines, and the continuous drive of the local tour operators in developing affordable tour packages.

Foreseen increase of business travels coming from government led infrastructure projects with Chinese and Japanese investors such as construction of the Mega Manila Subway, Manila Bay Smart City Development – 407 hectare reclamation project, Manila- Clark Railway Project, Ortigas-BGC flyover.

There is sustained growth in domestic tourism due to more affordable flights and ease of air access. 28% of domestic travelers are millennials aged 15-24 years of age; 24% are aged 25-34 years of age, 19% for 35-44 years of age, 14% for 45 t0 54 years age; 9% for 55-64 and 6% above 65 years old.

The tourism outlook in the Philippines seems optimistic, driven by the presence of low cost carriers and with several hotels opening in Makati, Ortigas, and Fort Bonifacio CBD. DOT continues to attract in bound tourism by an aggressive global marketing campaign and brand awareness as well as promoting sustainable tourism which aims to ensure accommodation facilities across the country will comply with environmental and government policies. The ongoing rehabilitation of Boracay Island is a showcase of DOT's sustainable tourism program.

The government's rebalancing strategy or pivot towards giving greater attention to closer relations to our Northeast Asian Neighbors such as China, South Korea, Japan and Taiwan, rich potential sources of tourists, are also contributing to the positive outlook of the country's tourism sector.

The Information Technology and Business Process Outsourcing companies (main industry drivers) are anticipating a slowdown in expansion programs with the planned implementation of the government's Tax Reform Acceleration and Inclusion Package 2 or Train 2 which will affect the tax incentives, weakening the country's competitive advantage in the region.

The Department of Tourism is projecting 8.3 million foreign tourists for 2019 while the top five source markets have remained the same for the last two years.

Crowne Plaza Manila Galleria ensures "Making Business Travel Work" by providing meetings and rooms facilities that maximize productivity and ease for the MICE market and is still the hotel that offers the largest pillarless ballroom and meetings space which consistently attracts business from large-scale events and conferences.

Holiday Inn Manila Galleria remains to be a significant international mid-market brand in Ortigas which caters to both Leisure and Corporate Transient business in the area, despite increasing competition from relatively new openings over the last two to three years, namely Mercure by Accor, Joy Nostalg changing management to Accor hotels and posing a challenge to the long-staying market through its suites and most recent additions of Citadines which also caters to long-stay business.

Growth across condominiums has also led to more choices being available to customers eyeing long-stay accommodations. However, a unique feature of the IHG brand is its globally-renowned loyalty brand - IHG Rewards Club - which is a compelling choice due to its perks and benefits.

v. Industrial and Integrated Developments Division

Though Industrial and Integrated Developments is a new Division under RLC, RLC is not a newcomer in integrated developments. RLC has developed four major mixed used developments in Metro Manila alone, namely, Robinsons Galleria, Robinsons Forum, Robinsons Manila, and Robinsons Magnolia. These projects are anchored by Robinsons Mall with components of Office and/or Residential and/or Hotel/Leisure. With the formation of the Industrial and Integrated Development Division, RLC can now focus on this new fast growing development format.

All major developers are now into integrated development. Developers are now acquiring big parcels of land and incorporating different real estate components to attract investors and customers. The biggest competitors of RLC in integrated developments are Ayala Land, Megaworld, Filinvest, Eton, and SM.

RLC-IID will harness opportunities for synergies with RLC's other business units: Commercial, Residential, Hotel, and Office Division. RLC, having years of experience in these real estate components, will thus have a competitive advantage. With efficient master planning, innovative designs, and quality construction, RLC is committed to sustainable and future-proof communities.

e) Sources and Availability of Raw Materials and Names of Principal Suppliers

Construction and development of malls, high-rise office and condominium units as well as land and housing construction are awarded to various reputable construction firms subject to a bidding process and management's evaluation of the price and qualifications of and its relationship with the relevant contractor. Most of the materials used for construction are provided by the contractors themselves in accordance with the underlying agreements, although sometimes the Company will undertake to procure the construction materials when it believes that it has an advantage in doing so. The Company typically will require the contractor to bid for a project on an itemized basis, including separating the costs for project materials that it intends to charge the

Company. If the Company believes that it is able to acquire any of these materials (such as cement or steel) at a more competitive cost than is being quoted to it, it may remove these materials from the project bid and enter into a separate purchase order for the materials itself, to reduce project costs.

f) Employees and Labor

As of December 31, 2018, RLC and its subsidiaries had a total of 9,694 employees, including 2,415 permanent full-time managerial and support employees and approximately 7,279 contractual and agency employees, grouped by business divisions as follows:

Business	Permanent Employees	Contract Employees	Total Employees
Commercial Centers Division	1,088	6,022	7,110
Office Buildings Division	126	336	462
Residential Division.................................	473	293	766
Hotels and Resorts Division....................	716	577	1,293
Industrial and Integrated Developments Division……………………….……...	12	51	63
Total	2,415	7,279	9,694

The 2,415 permanent full-time managerial and support employees of RLC and its subsidiaries as of December 31, 2018 can be broken down by function as follows:

FUNCTION	NO. OF EMPLOYEES
Operational	919
Administrative	1,017
Technical	479
Total	**2,415**

The Company foresees an increase in its manpower complement to 2,511 employees in the ensuing twelve months.

Almost all of the Company's Hotels and Resorts Division employees are covered by a collective bargaining agreement which will mature on September 30, 2021 for Summit Circle Cebu (formerly Cebu Midtown Hotel) and September 30, 2020 for Holiday Inn Manila Galleria's hotel. The Company's other employees are not unionized or party to collective bargaining agreements with the Company.

Vacation leaves, sick leaves, 13th month pay and retirement benefits are provided to employees, among others, subject to company policies and procedures.

g) Industry Risk

The Company substantially conducts its business activities in the Philippines where majority of its assets are located.

Demand for and prevailing prices of shopping mall and office leases, as well as the development of the Philippine hospitality sector are directly related to the strength of the Philippine domestic economy and the overall levels of business activity in the Philippines.

RLC's Commercial Centers Division is directly affected by level of consumption, demographic structure, social trends, changing spending patterns and consumer sentiments in the Philippines, which are in turn heavily influenced by economic, political and security conditions in the Philippines. The level of consumption is largely determined by the income levels of consumers which is supplemented by a large number of Overseas Filipino Workers (OFWs) and expatriate Filipinos employed in countries around the world. This exposes RLC to changes in the specific economies of the countries where OFWs are deployed.

As the fastest growing sector in the Philippine real estate industry, the Information Technology-Business Process Management (IT-BPM) outsourcing sector drives office space demand which fuels the performance and profitability of RLC's Office Buildings Division. The growth of the IT-BPM sector is heavily dependent on the availability of Information and Communications Technology (ITC) hubs across the country which provide sufficient labor supply and upgraded talent ecosystem, good ITC infrastructure and service capabilities, efficient cost and overall business environment as a product of sound macroeconomic fundamentals and geopolitical climate in the country.

RLC's Hotels and Resorts Division, on the other hand, is anchored on the development of Philippine tourism which is contingent on the rate of response of the Philippine government to address infrastructure challenges across the country.

On the development side of the Company's business, RLC is engaged in both domestic and international residential development. The property market has been cyclical where property values have been affected by confidence in the economy as well the interest rate environment.

Considerable economic and political uncertainties exist in the Philippines that may have adverse effects on consumer spending habits, construction costs, availability of labor and materials and other factors affecting the Company and its businesses. Significant expenditures associated with investment in real estate, such as real estate taxes, maintenance costs and debt payments, generally cannot be correspondingly reduced if changes in the Philippine property market or the Philippine economy cause a decrease in revenues from the Company's properties. Because majority of RLC's businesses are in the Philippines, reduced levels of economic growth, adverse changes in the country's political or security situation, or weaker performance of the country's property development market generally may materially adversely affect RLC's financial performance, position and profitability.

RLC operates in a highly competitive industry. The Company's future growth and development is dependent, in large part, on the availability and affordability of large tracts of land suitable for development. As the Company and its competitors attempt to locate sites for development, it may become more difficult to locate parcels of suitable size in locations and at prices acceptable to the Company, particularly in Metro Manila and other urban areas. To the extent that the Company is unable to acquire suitable land at acceptable prices, its growth prospects could be limited and its business and results of operations could be adversely affected.

A number of other commercial center and residential developers and real estate services companies, some with greater financial and other resources and more attractive land banks than the Company, compete with RLC in various aspects of its business. Competition from other real estate developers and real estate services companies may adversely affect RLC's ability to develop and sell its properties or attract and retain tenants, and continued development by these and other market participants could result in saturation of the market for commercial and residential real estate.

ADDITIONAL REQUIREMENTS AS TO CERTAIN ISSUES OR ISSUER

Not Applicable

Item 2. Properties

Over the years, the Company has invested in a number of properties located across the Philippines for existing and future development projects. All of these properties are fully owned by the Company and none of which are subject to any mortgage, lien or any form of encumbrance. The Company also enters into joint venture arrangements with land owners in order to optimize their capital resources. Not only does this encourage raw land development for future projects but it also provides them exclusive development and marketing rights.

The following are locations of the Company's properties:

Location	Use	Status
Land		
Metro Manila		
Manila	Mixed-use (mall/residential/hotel)	No encumbrances
Quezon City	Residential/Office Building/Mixed-use (mall/residential/hotel/office)	No encumbrances
Pasay City	Residential	No encumbrances
Mandaluyong City	Mixed-use (mall/hotel/residential)	No encumbrances
Makati City	Office Building/Residential	No encumbrances
Pasig City	Residential/Mall/Office Building/ Mixed-use (mall/hotel/residential)	No encumbrances
Paranaque City	Residential	No encumbrances
Muntinlupa City	Residential	No encumbrances
Las Pinas City	Mall	No encumbrances
Taguig City	Residential	No encumbrances
Malabon City	Mall	No encumbrances
Metro Manila area	Land bank	No encumbrances
Luzon		
La Union	Residential	No encumbrances
Pangasinan	Mall	No encumbrances
Bulacan	Mall	No encumbrances
Nueva Ecija	Mall	No encumbrances
Pampanga	Mall	No encumbrances
Tarlac	Mall/Office Building	No encumbrances
Batangas	Mall/Residential	No encumbrances
Cavite	Mall/Residential/Mixed-use (mall/hotel/residential)	No encumbrances
Laguna	Mall	No encumbrances
Palawan	Mixed-use (mall/hotel/residential)	No encumbrances
Rizal	Residential/Mall	No encumbrances
Isabela	Mall	No encumbrances
Ilocos Norte	Mixed use (mall/office)	No encumbrances
Camarines Sur	Mall/Office Building	No encumbrances
Cagayan	Mall	No encumbrances
Luzon area	Land bank	No encumbrances
Visayas		
Iloilo	Mall	No encumbrances
Negros Occidental	Mall/Hotel	No encumbrances
Cebu	Residential/Mixed-use (mall/hotel/residential/office)	No encumbrances
Negros Oriental	Mixed-use (mall/hotel)	No encumbrances
Leyte	Mall/Mixed-use(mall/hotel)	No encumbrances
Capiz	Mall	No encumbrances

Location	Use	Status
Antique	Mall	No encumbrances
Visayas area	Land bank	No encumbrances
Mindanao		
Agusan Del Norte	Mixed-use (mall/hotel)	No encumbrances
Misamis Oriental	Residential	No encumbrances
Davao Del Sur	Mall/Hotel/Office Building	No encumbrances
South Cotabato	Mall/ Residential	No encumbrances
Lanao Del Norte	Mixed-use (mall/hotel)	No encumbrances
Davao Del Norte	Mall	No encumbrances
Bukidnon	Mall	No encumbrances
Mindanao Area	Land bank	No encumbrances
Building and Improvements		
Metro Manila		
Manila	Mixed-use (mall/residential/hotel)	No encumbrances
Quezon City	Residential/Office Building/Mixed-use (mall/residential/hotel/office)	No encumbrances
Pasay City	Residential	No encumbrances
Mandaluyong City	Mixed-use (mall/hotel/residential/office)	No encumbrances
Makati City	Office Building/Residential	No encumbrances
Pasig City	Residential/Mall/Office Building/ Mixed-use (mall/hotel/residential)	No encumbrances
Paranaque City	Residential	No encumbrances
Muntinlupa City	Residential/Warehousing facility	No encumbrances
Las Pinas City	Mall	No encumbrances
Taguig City	Residential/Office Building	No encumbrances
Malabon City	Mall	No encumbrances
Luzon		
La Union	Residential	No encumbrances
Pangasinan	Mall	No encumbrances
Bulacan	Mall	No encumbrances
Nueva Ecija	Mall	No encumbrances
Pampanga	Mall	No encumbrances
Tarlac	Mall/Office Building	No encumbrances
Batangas	Mall/Residential	No encumbrances
Cavite	Mall/Residential/Mixed-use (mall/hotel/residential)	No encumbrances
Laguna	Mall	No encumbrances
Palawan	Mixed-use (mall/hotel/residential)	No encumbrances
Rizal	Mall/Residential	No encumbrances
Isabela	Mall	No encumbrances
Ilocos Norte	Mixed-use (mall/office)	No encumbrances
Camarines Sur	Mall/Office Building	No encumbrances
Cagayan	Mall	No encumbrances
Visayas		
Iloilo	Mall/Mixed-use (mall/hotel)	No encumbrances
Negros Occidental	Mall/Hotel	No encumbrances
Cebu	Mixed-use (mall/hotel/residential/office)	No encumbrances
Negros Oriental	Mixed-use (mall/hotel)	No encumbrances
Leyte	Mall/Mixed-use (mall/hotel)	No encumbrances
Capiz	Mall	No encumbrances
Antique	Mall	No encumbrances
Mindanao		
Misamis Oriental	Mall/Residential	No encumbrances

Location	Use	Status
Davao Del Sur	Mall/Hotel/Office Building	No encumbrances
South Cotabato	Mall/Residential	No encumbrances
Agusan Del Norte	Mixed-use (mall/hotel)	No encumbrances
Davao Del Norte	Mall	No encumbrances
Lanao Del Norte	Mixed-use (mall/hotel)	No encumbrances
Bukidnon	Mall	No encumbrances

The Company owns all the land properties upon which all of its existing commercial centers are located, except for the following: (i) Robinsons Place Iloilo, (ii) Robinsons Cagayan de Oro, (iii) Robinsons Cainta, (iv) Robinsons Pulilan, (v) Robinsons Place Jaro, (vi) Cyber Sigma, and (vii) Robinsons Place Tuguegarao. These seven land properties are leased at prevailing market rates. The leases for the Iloilo and Cagayan de Oro properties are for 50 years each and commenced in October 2001 and December 2002, respectively. The leases for the Cainta, Pulilan, Cyber Sigma, and Tuguegarao properties are for 25 years each and commenced in December 2003, January 2008, August 2014, and January 2018, respectively. Renewal options for Cainta, Pulilan, Cyber Sigma and Tuguegarao are available to the Company, with an Option to Purchase the property and its improvements for Cyber Sigma. The lease for the Jaro, Iloilo property is for 30 years and commenced in March 2015. Total rent expense amounted to ₱246 million and ₱52 million in calendar years 2018 and 2017, respectively and ₱44 million for the three months ended December 31, 2016.

For calendar year 2019, the Company has appropriated approximately ₱27.0 billion of its retained earnings for domestic capital expenditures which will be funded through internally generated cash from operations and borrowings. The earmarked amount is for the continuing capital expenditures of the Company for subdivision land, condominium, residential units and other real estate properties for sale, development and expansion of investment properties and property and equipment.

Item 3. Legal Proceedings

The Company and its subsidiaries and affiliates are subject to various civil and criminal lawsuits and legal actions arising in the ordinary course of business. In the opinion of RLC's management, none of the lawsuits or legal actions to which it is currently subject will materially affect the daily operations of its business nor will they have a material effect on the Group's consolidated financial position.

Item 4. Submission of Matters to A Vote of Security Holders

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

Item 5. Regulatory and Environmental Matters

a) Shopping Malls

Shopping mall centers are regulated by the local government unit of the city or municipality where the establishment is located. In line with this, mall operators must secure the required mayor's permit or municipal license before operating. In addition, no mall shall be made operational without complying first with the provisions of the fire code and other applicable local ordinances. Furthermore, shopping malls with food establishments must obtain a sanitary permit from the Department of Health. It is also compulsory for shopping malls discharging commercial waste water to apply for a waste water discharge permit from the DENR and to pay the fee incidental to the permit.

As a tourism-related establishment, shopping malls may obtain accreditation from the Department of Tourism. A shopping mall can only be accredited upon conformity with the minimum physical, staff and service requirements promulgated by the Department of Tourism.

b) Residential Condominium and Housing and Land Projects

Presidential Decree No. 957 (The Subdivision and Condominium Buyers' Protective Decree) as amended, is the principal statute which regulates the development and sale of real property as part of a condominium project or subdivision. The law covers subdivision projects and all areas included therein for residential, commercial, industrial and recreational purposes as well as condominium projects for residential or commercial purposes. It also sets out standards for lower density developments.

Republic Act No. 4726 (The Condominium Act), on the other hand, is the primary law governing condominiums. The law covers the legal definition of a condominium, the rights of a unit owner, and the rules governing transfers, conveyances and partitions in condominiums.

The Housing and Land Use Regulatory Board (HLURB) is the administrative agency of the Government which, together with local government units, enforces these laws and has jurisdiction to regulate the real estate trade and business. Subdivision or condominium units may be sold or offered for sale only after a license to sell (LTS) has been issued by the HLURB. The LTS may be issued only against a performance bond posted to guarantee the completion of the construction of the subdivision or condominium project and compliance with applicable laws and regulations.

All subdivision and condominium plans are subject to approval by the relevant Local Government Unit (LGU) in which the project is situated and by the HLURB. The development of subdivision and condominium projects can commence only after the HLURB has issued a development permit. Approval of such plans is conditional on, among other things, the developer's financial, technical and administrative capabilities. Alterations of approved plans which affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the LGU and HLURB.

Owners of or dealers in real estate projects are required to obtain licenses to sell before making sales or other dispositions of lots or real estate projects. Republic Act No. 9646 (The Real Estate Service Act of the Philippines) provides that real estate consultants, appraisers, assessors and brokers must pass the requisite exams and be duly registered and licensed by the Professional Regulation Commission (PRC), while real estate salespersons, or those who act of a real estate broker to facilitate a real estate transaction, only need to be accredited by the PRC.

Project permits and the LTS may be suspended, cancelled or revoked by the HLURB by itself or upon a verified complaint from an interested party for reasons such as non-delivery of title to fully-paid buyers or deviation from approved plans. A license or permit to sell may only be suspended, cancelled or revoked after notice to the developer has been served and all parties have been given an opportunity to be heard in compliance with the HLURB's rules of procedure and other applicable laws.
Residential subdivision developments must comply with applicable laws and standards regarding the suitability of the site, road access, necessary community facilities, open spaces, water supply, the sewage disposal system, electrical supply, lot sizes, the length of the housing blocks and house construction. Under current regulations, a developer of a residential subdivision is required to reserve at least 30% of the gross land area of such subdivision for open space for common uses, which include roads and recreational facilities. A developer of a commercial subdivision is required to reserve at least 3.5% of the gross project area for parking and pedestrian malls, but the minimum parking area requirement may be further increased by ordinances promulgated by LGUs.

Republic Act No. 7279 (Urban Development and Housing Act of 1992), as amended by Republic Act No. 10884, requires developers of proposed subdivision projects to develop an area for socialized housing equivalent to at least 15% of the total subdivision area or total subdivision project cost and at least 5% of condominium area or project cost, at the option of the developer, in accordance with the standards set by the HLURB. Alternatively, the developer may opt to buy socialized housing bonds issued by various accredited government agencies or enter into joint venture arrangements with other developers engaged in socialized housing development. The Company has benefited from providing low-income housing or projects of such types which are financially assisted by the government. These policies and programs may be modified or discontinued in the future.

The Government may also adopt regulations which may have the effect of increasing the cost of doing business for real estate developers. Under R.A. No. 10884, income derived by domestic corporations from the development and sale of socialized housing is exempt from project related income taxes, capital gains tax on raw lands used for the project, value-added tax for the project contractor concerned, transfer tax for both raw completed projects, and donor’s tax for lands certified by the LGUs to have been donated for socialized housing purposes. Under the current Investment Priorities Plan issued by the Board of Investments, mass housing projects including development and fabrication of housing components, are eligible for government incentives subject to certain policies and guidelines. In the future, since the sale of socialized housing units comprise a portion of homes sold by the Company, any changes in the tax treatment of income derived from the sale of socialized housing units may affect the effective rate of taxation of the Company.

c) Hotels

The Philippine Department of Tourism promulgated the Hotel Code of 1987 (the “Hotel Code”) in order to govern the business and operation of all hotels in the Philippines. Investors that wish to operate a hotel must first register and apply for a license with the local government of the city or municipality where the hotel is located. For purposes of registration and licensing, hotels are classified into four groups: De Luxe Class, First Class, Standard Class and Economy Class. The Hotel Code provides minimum standards for the establishment, operation and maintenance of hotels depending on the hotel’s classification. The Philippine Department of Tourism is in the process of revising the current classification from Hotel Class System to Hotel Star Rating System.

A certificate of registration and license as a hotel will not be granted unless the relevant establishment has passed all the conditions of the Hotel Code, the Fire and Building Codes, Zoning Regulations and other municipal ordinances. Furthermore, hotels can only be opened for public patronage upon securing of a sanitary permit from the city or municipal health office having jurisdiction over the establishment. The Department of Tourism is the government agency which is tasked with the accreditation of hotels. The Department promulgates the minimum standards and procedures for hotel accreditation. While accreditation is non-compulsory, accredited hotels are given incentives by the Department of Tourism.

d) Zoning and Land Use

Under the agrarian reform law currently in effect in the Philippines and the regulations issued thereunder by the DAR, land classified for agricultural purposes as of or after 15 June 1988, cannot be converted to non-agricultural use without the prior approval of DAR.

Land use may be also limited by zoning ordinances enacted by local government units. Once enacted, land use may be restricted in accordance with a comprehensive land use plan approved by the relevant local government unit. Lands may be classified under zoning ordinances as commercial, industrial, residential or agricultural. While a procedure for change of allowed land use is available, this process may be lengthy and cumbersome.

e) Special Economic Zone

The Philippine Economic Zone Authority ("PEZA") is a government corporation that operates, administers and manages designated special economic zones ("Ecozones") around the country. Ecozones, which are generally created by proclamation of the President of the Philippines, are areas earmarked by the government for development into balanced agricultural, industrial, commercial, and tourist/recreational regions.

An Ecozone may contain any or all of the following: industrial estates, export processing zones, free trade zones, and tourist/recreational centers. PEZA registered enterprises locating in an Ecozone are entitled to fiscal and non-fiscal incentives such as income tax holidays and duty-free importation of equipment, machinery and raw materials.

Information technology ("IT") enterprises offering IT services (such as call centers, and business process outsourcing using electronic commerce) are entitled to fiscal and non-fiscal incentives if they are PEZA-registered locators in a PEZA-registered IT Park, IT Building, or Ecozone. An IT Park is an area which has been developed into a complex capable of providing infrastructures and other support facilities required by IT enterprises, as well as amenities required by professionals and workers involved in IT enterprises, or easy access to such amenities. An IT Building is an edifice, a portion or the whole of which, provides such infrastructure, facilities and amenities.

PEZA requirements for the registration of an IT Park or IT Building differ depending on whether it is located in or outside Metro Manila. These PEZA requirements include clearances or certifications issued by the city or municipal legislative council, the DAR, the National Water Resources Board, and the DENR.

The Company actively seeks PEZA registration of its buildings, as this provides significant benefits to the Company's tenants. PEZA registration provides significant tax incentives to those of the Company's customers that are PEZA-registered (they can, for example, avail themselves of income tax incentives such as income tax holidays or 5% gross income taxation), thereby making tenancy in the Company's PEZA-registered buildings potentially more attractive to them. As of calendar year 2018, a number of RLC malls and office buildings are PEZA-registered.

f) Effect of Existing or Probable Governmental Regulations on the Business

The existing regulatory and environmental/governmental regulations mentioned under "items 5a-e" as well as possible governmental regulations on the various business segments may affect the Company's profitability through possible reduction in revenues.

The aggregate cost of compliance with environmental laws covering all business segments including waste management, among others, amounted to ₱30.1 million and ₱30.5 million in calendar years 2018 and 2017, respectively and ₱27.9 million in fiscal year 2016.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 6. Market Information

Data on the quarterly price movement of its shares for the past three calendar years are set forth below.

	2018			2017			2016		
Quarter	**High**	**Low**	**Close**	**High**	**Low**	**Close**	**High**	**Low**	**Close**
1	20.45	19.50	20.20	23.20	22.75	23.00	29.20	27.55	27.90
2	19.42	18.50	18.50	24.40	23.80	24.25	31.65	29.50	29.50
3	20.30	19.28	20.30	26.15	25.00	25.30	31.35	30.30	31.00
4	20.55	20.40	20.55	21.75	21.30	21.30	26.30	25.10	26.00

Additional information as of March 31, 2019 are as follows:

Market Price:	**Period**	**High**	**Low**
	Jan. to Mar. 2019	₱24.80	₱24.25

The Company's common stock is traded in the Philippine Stock Exchange.

Item 7. Dividends

RLC declared cash dividends for each of the calendar years 2018 and 2017 and fiscal year 2016.

For calendar year 2018, the Company declared a cash dividend of ₱0.36 per share from unrestricted Retained Earnings as of December 31, 2017 to all stockholders on record as of April 26, 2018. The cash dividends were paid out on May 23, 2018.

For calendar year 2017, the Company declared a cash dividend of ₱0.36 per share from unrestricted Retained Earnings as of September 30, 2016 to all stockholders on record as of April 3, 2017. The cash dividends were paid out on May 2, 2017.

For fiscal year 2016, the Company declared a cash dividend of ₱0.36 per share from unrestricted Retained Earnings as of September 30, 2015 to all stockholders on record as of March 29, 2016. The cash dividends were paid out on April 22, 2016.

RLC's unappropriated retained earnings include accumulated equity in undistributed net earnings of subsidiaries amounting to ₱2,223 million and ₱1,793 million as of December 31, 2018 and 2017, respectively. These amounts are not available for dividend declaration until received in the form of dividends.

Furthermore, retained earnings are restricted for payment of dividends to the extent of the amount appropriated for expansion totaling ₱27,000 million as of December 31, 2018.

Item 8. Principal Shareholders

The following table sets forth the Company's top twenty (20) shareholders and their corresponding number of shares held as of December 31, 2018:

	Name of Stockholders	No. of Shares Held	Percent to Total Outstanding
1	JG Summit Holdings, Inc.	3,166,806,886	60.97%
2	PCD Nominee Corporation (Non-Filipino)	1,210,012,520	23.30%
3	PCD Nominee Corporation (Filipino)	782,456,845	15.07%
4	Elizabeth Yu	8,737,200	0.17%
5	John Gokongwei, Jr.	8,124,721	0.16%
6	Cebu Liberty Lumber	2,203,200	0.04%
7	James L. Go	2,139,011	0.04%
8	Elizabeth Y. Gokongwei &/or John Gokongwei, Jr.	988,000	0.02%
9	Frederick D. Go	986,027	0.02%
10	Quality Investments & Sec Corp.	904,200	0.02%
11	Alberto Mendoza &/or Jeanie Mendoza	532,800	0.01%
12	Elizabeth Yu Gokongwei	499,500	0.01%
13	Robina Y. Gokongwei-Pe	360,000	0.01%
14	Samuel C. Uy	324,000	0.01%
15	John L. Gokongwei, Jr.	300,000	0.01%
16	Ong Tiong	204,996	0.00%
17	Lisa Yu Gokongwei	180,000	0.00%
18	FEBTC #103-00507	156,240	0.00%
19	Francisco L. Benedicto	150,000	0.00%
19	Ching Tiong Keng and/or Cynthia D. Ching	150,000	0.00%
	OTHERS	7,614,539	0.15%
	Total	**5,193,830,685**	**100.00%**

Item 9. Management Discussion and Analysis of Financial Condition and Results of Operation

a) Results of Operations and Financial Condition

RLC derives its revenues from real estate operations and hotel operations. Revenues from real estate operations account for approximately 93% of the Company's total revenues and are derived from the lease of commercial spaces in the various malls, the lease of space in office buildings and warehouse facilities, the sale of residential units from the Company's various housing projects and the sale of parcels of land. Approximately 7% of total revenues are derived from hotel operations.

i. Year ended December 31, 2018 versus same period in 2017

RLC generated total gross revenues of ₱29.55 billion for calendar year 2018, an increase of 31.2% from ₱22.52 billion total gross revenues for calendar year 2017. EBIT grew 38.8% to ₱11.88 billion while EBITDA posted a 30.9% growth to ₱16.34 billion. Net income stood at ₱8.22 billion, up by 39.8% compared to last year.

The Commercial Centers Division accounted for ₱11.94 billion of the real estate revenues for the year versus ₱10.79 billion last year or a 10.7% increase. The increase in rental revenues was brought about by the full year impact of new malls that opened during the second half of 2017, as well as the opening of four new malls in Ormoc, Iloilo, Tuguegarao and Bukidnon. Robinsons Galleria in Ortigas also contributed to the rental growth as tenants' occupancy and sales had started to pick up since the completion of its redevelopment. Cinema revenues also improved with the opening of new branches. The Division's EBIT and EBITDA grew by 6.2% and 8.9%, respectively.

Revenues of Office Buildings Division grew by 31.4% to ₱4.29 billion from ₱3.27 billion over the same period last year. Revenue growth was mainly attributable to rental escalations and high renewal rates, as well as contribution from the offices completed in 2017 namely Cyber Sigma, Cybergate Delta, Cybergate Naga and Robinsons Luisita office and offices completed in 2018 namely Exxa Tower, Zeta Tower and Cyberscape Gamma. The Division's EBIT and EBITDA showed positive variances of 33.3% and 28.3%, respectively.

The Residential Division realized revenues is at ₱8.69 billion this year versus ₱6.55 billion last year, an increase of 32.6%, due to higher level of buyers meeting the equity requirement in recognizing sales based on percentage of construction completion and sale of parcels of land. EBIT and EBITDA increased by 21.2% and 21.5%, respectively.

The Hotels and Resorts Division registered gross revenues of ₱1.98 billion as against last year's ₱1.89 billion. The 4.7% increase in hotel revenues principally came from the new hotels namely Summit Galleria Cebu, Summit Hotel Tacloban and Go Hotels Iligan. Hotels and Resorts Division EBIT and EBITDA declined by 21.6% and 6.9%, respectively, as the division continues to redevelop some of the existing hotels and incurrence of a much accelerated pre-operating expenses on hotels to be opened in 2019 as well as higher overhead expense in the Head Office.

The IID Division accounted for ₱2.64 billion revenues, with 95% attributed to the sale of the commercial lots and the remainder 5% is the revenue generated from lease of warehouse facilities. Further gains will be realized from the selling of lots with joint ventures. EBIT and EBITDA for calendar year 2018 stood at ₱2.02 billion and ₱2.03 billion, respectively.

Interest income increased to ₱196.3 million from ₱36.8 million last year due to higher average balance of cash and cash equivalents during the calendar year 2018.

Real estate costs went up by 30.6% to ₱12.11 billion from ₱9.28 billion last year. The higher level of realized sales of residential units and sale of parcels of land brought cost of real estate sales to increase by ₱1.79 billion or 56.9%. The opening of new malls raised the level of depreciation expense of Commercial Centers Division by ₱380.2 million or 12.5%; while completion of new office buildings increased depreciation expense of the Office Buildings Division by ₱64.2 million or 10.2%. Furthermore, cinema expense rose by 10.4% or ₱85.2 million in line with the increase in cinema revenues.

Hotel expenses rose by 15.3% to ₱1.56 billion due substantially to higher level of property and maintenance cost, depreciation, salaries and wages, contracted services, which were all due to higher level of operations brought about by higher room revenues and pre-operating expenses on hotels to be opened in 2019.

General and administrative expenses went up by 20.1% to ₱4.00 billion due to higher commission, rent, advertising and promotions and salaries, among others.

Gain or loss from foreign exchange mainly pertains to foreign currency denominated transactions of the Company's foreign subsidiary.

As of December 31, 2018, total assets of the Group stood at ₱174.16 billion, a growth of 17.6% from ₱148.13 billion last year.

Cash and cash equivalents increased by 22.6% or ₱0.47 billion due to the proceeds from the SRO, cash generated from operations; offset by payments of dividends, loans, and capital expenditures for new and ongoing projects.

Receivables (current and noncurrent-net) decreased by 61.9% or ₱5.78 billion to ₱3.56 billion due to reclassification to 'Contract assets' account amounting to ₱5.09 billion in 2018.

Subdivision land, condominium and residential units for sale grew by 9.0% to ₱31.46 billion due to higher level of capital expenditures for new and ongoing projects under the Residential division.

Contract assets (current and noncurrent) totaling ₱11.53 billion refer to the right to consideration in exchange for goods or services transferred to the customers. If the Company 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 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.

Other current assets went up by 176.3% to ₱11.74 billion from ₱4.25 billion last year mainly due to increase in cash under escrow which will mainly be used for the construction of real estate inventories.

Investment properties and Property and equipment increased by 7.8% to ₱99.32 billion and 17.2% to ₱7.84 billion, respectively. Increase in Investment properties is due to reclassification of land from 'Subdivision land, Condominium and Residential units for Sale' account and costs incurred for the construction of new malls and office developments. On the other hand, the increase in Property and equipment is due to expansion projects from all three hotel segments namely Go Hotels, Summit Hotels, and International. Investments in joint venture consist of investments in stocks of joint venture companies intended to acquire, develop, sell and lease real estate properties.

Contract liabilities (current and noncurrent) totaling ₱15.31 billion 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. The movement in the 'Contract liability' account 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.

Loans payable (current and noncurrent) decreased by 27.2% to ₱37.39 billion due to settlement of a significant portion of short-term borrowings.

The increase in deferred tax liabilities - net of 25.0% to ₱3.58 billion is mainly attributed to excess of real estate revenues based on percentage-of-completion over real estate revenues based on collections.

Deposits (current and noncurrent) and Other liabilities went down by 29.0% to

₱8.60 billion primarily due to reclassification of deposits from real estate buyers to contract liabilities beginning 2018.

Equity attributable to equity of the Parent Company as of December 31, 2018 stood at ₱93.51 billion, up by 39.4% from ₱67.09 billion last year due to successful SRO during the year, current earnings of ₱8.22 billion, net of payment of dividends of ₱1.87 billion.

A summary of RLC's key performance indicators for the calendar year follows:

	2018	2017
Gross revenues	₱29.55 billion	₱22.52 billion
EBIT	11.88 billion	8.56 billion
EBITDA	16.34 billion	12.48 billion
Net income	8.22 billion	5.88 billion
Earnings per share	1.62	1.44
Net book value per share	18.00	16.39
Current ratio	1.65:1	1.20:1
Debt-to-equity ratio	0.40:1	0.77:1
Interest coverage ratio	6.71:1	4.72:1
Asset to equity ratio	1.85:1	2.20:1
Operating margin ratio	0.40:1	0.38:1

Capital additions and additions to subdivision land, condominium and residential units for sale for the calendar year ended December 31, 2018 amounted to ₱19.31 billion, funding of which was sourced from proceeds from borrowings and internally-generated funds.

ii. Year ended December 31, 2017 versus same period in 2016

	For the Years Ended December 31 **2017**	2016
REVENUE		
Real Estate Operations		
Rental income	**₱11,581,560,401**	₱10,746,626,900
Real estate sales	**5,973,248,023**	6,973,938,019
Amusement income	**1,802,643,181**	1,673,249,242
Others	**1,266,492,267**	1,608,619,627
	20,623,943,872	21,002,433,788
Hotel Operations	**1,892,873,758**	1,806,612,441
	22,516,817,630	22,809,046,229
COSTS		
Real Estate Operations		
Cost of rental services	**4,499,595,017**	4,273,894,548
Cost of real estate sales	**3,143,037,387**	4,153,220,627
Cost of amusement services	**820,824,802**	751,257,456
Others	**812,417,065**	538,388,429
	9,275,874,271	9,716,761,060
Hotel Operations	**1,350,512,369**	1,308,841,469
	10,626,386,640	11,025,602,529
	11,890,430,990	11,783,443,700
GENERAL AND ADMINISTRATIVE EXPENSES	**3,328,016,547**	3,510,879,439
OPERATING INCOME	**8,562,414,443**	8,272,564,261
OTHER INCOME (LOSSES)		
Interest income	**36,809,915**	19,340,620
Gain from insurance claims	**28,397,634**	208,713,905
Gain (loss) on foreign exchange	**(14,019,285)**	68,410,856
Interest expense and finance charges	**(778,194,869)**	(943,109,383)
Gain on sale of investment property	–	7,281,855
	(727,006,605)	(639,362,147)
INCOME BEFORE INCOME TAX	**7,835,407,838**	7,633,202,114
PROVISION FOR INCOME TAX	**1,950,969,880**	1,877,886,479
NET INCOME	**5,884,437,957**	5,755,315,635

RLC generated total gross revenues of ₱22.52 billion for calendar year 2017, a slight decrease of 1.3% from ₱22.81 billion total gross revenues for calendar year 2016. EBIT grew 3.5% to ₱8.56 billion while EBITDA posted a 3.6% growth to ₱12.48 billion. Net income stood at ₱5.88 billion, up by 2.2% compared to last year.

The Commercial Centers Division accounted for ₱10.79 billion of the real estate revenues for the year versus ₱10.14 billion last year or a 6.4% increase. Rental revenues increased due to opening of new malls in Iligan, Naga and North Tacloban and expansion of Robinsons Place Antique and Robinsons Butuan this year. Also, the full year impact of Robinsons Place General Trias, Robinsons Place Tagum, Robinsons Place Jaro and the expansion of Robinsons Ilocos Norte last year, contributed to the growth, despite renovation of Robinsons Galleria, one of our largest revenue contributors. Cinema revenues increased due to more blockbuster films released this year than last year and the operation of new cinemas in new malls. The Division's EBIT and EBITDA grew by 3.3% and 3.4%, respectively.

Revenues of Office Buildings Division grew by 8.8% to ₱3.27 billion from ₱3.00 billion over the same period last year. Revenue growth was mainly attributable to sustained occupancy rates, and escalation of rents in existing offices and contribution from the new offices namely Cyber Sigma, Galleria Cebu Office, Robinsons Lusitia Office and Cybergate Delta. The Division's EBIT and EBITDA showed positive variances of 10.3% and 7.9%, respectively.

The Residential Division realized revenues is at ₱6.57 billion this year versus ₱7.86 billion last year, a decrease of 16.5%, due to lower level of buyers meeting the equity requirement in recognizing sales based on percentage of construction completion. Both EBIT and EBITDA decreased by 5.4% and 3.8%, respectively.

The Hotels and Resorts Division, a major contributor to the Group's recurring revenues, registered gross revenues of ₱1.89 billion as against last year's ₱1.81 billion. The 4.8% increase in hotel revenues principally came from the new hotels Go Hotels Davao and Summit Galleria Cebu. The hotel average occupancy rate is 66% in 2017. Hotels and Resorts Division EBIT and EBITDA grew by 9.0% and 7.5%, respectively.

Interest income increased to ₱36.8 million from ₱19.3 million last year due to higher average balance of cash and cash equivalents during the calendar year 2017.

Real estate costs went down by 4.5% to ₱9.28 billion from ₱9.72 billion last year. The lower level of realized sales of residential units brought cost of real estate sales to decrease by ₱1.01 billion or 24.3%. Furthermore, cinema expense rose by 9.3% or ₱69.6 million as a result of increase in cinema revenues.

Gain from insurance is lower this year by 86% to ₱28.4 million from ₱208.7 million last year, which basically included insurance proceeds from Typhoon Yolanda. Finance charge amounting to ₱147.0 million last year pertain to pretermination of loans. Gain or loss from foreign exchange mainly pertains to foreign currency denominated transactions of RLC's foreign subsidiary.

Asset and liability balances as of December 31, 2017 were as reported in 2017 and not the reclassified accounts as result of adoption of PFRS 15 in 2018.

Total assets of the Group stood at ₱148.13 billion, a growth of 19.0% from ₱124.43 billion in 2016.

Investment properties and Property and equipment increased by 27.9% to ₱94.38 billion and 25.2% to ₱6.69 billion, respectively. Increase in Investment properties is due to acquisition of several land properties both for residential and commercial development. Moreover, the completion of construction of Robinsons malls in Naga, Iligan, Tagum, North Tacloban, redevelopment of Robinsons Galleria, expansion of malls in Antique and Butuan and installation of Solar Power facility in various malls, as well as the on-going construction of Robinsons malls in San Pedro, Bridgetowne, Pavia-Iloilo, Tuguegarao, Ormoc and Cabanatuan, and ongoing expansion of Starmills-Pampanga and Magnolia malls contributed to the increase in Investment properties. On the other hand, the increase in Property and equipment is due to expansion projects from all three hotel segments namely Go Hotels, Summit Hotels, and International.

Accounts payable and accrued expenses went up by 48.6% to ₱13.88 billion due to higher level of operating expenses this year.

Loans payable (current and noncurrent) increased by 30.4% to ₱51.35 billion due to availment of additional long term loans to fund the Group's property constructions and developments. Deposits (current and noncurrent) and Other liabilities went up by 29.9% to ₱12.11 billion primarily due to payable to JG Summit Holdings for the purchase of an investment property.

Equity attributable to equity of the Parent Company as of December 31, 2017 stood at ₱67.09 billion, up by 7.2% from ₱62.58 billion last year due to the earnings during the year of ₱5.88 billion net of payment of dividends of ₱1.47 billion.

A summary of RLC's key performance indicators for the calendar year follows:

	2017	2016
Gross revenues	₱22.52 billion	₱22.81 billion
EBIT	8.56 billion	8.27 billion
EBITDA	12.48 billion	12.05 billion
Net income	5.88 billion	5.76 billion
Earnings per share	1.44	1.41
Net book value per share	16.39	15.29
Current ratio	1.21:1	1.34:1
Debt-to-equity ratio	0.77:1	0.63:1
Interest coverage ratio	4.72:1	5.66:1
Asset to equity ratio	2.20:1	1.98:1
Operating margin ratio	0.38:1	0.36:1

Capital additions and additions to subdivision land, condominium and residential units for sale for the calendar year ended December 31, 2017 amounted to ₱28.86 billion, funding of which was sourced from proceeds from borrowings and internally-generated funds.

iii. Year ended September 30, 2016 versus same period in 2015

RLC generated total gross revenues of ₱22.51 billion for fiscal year 2016, an increase of 14.2% from ₱19.71 billion total gross revenues for fiscal year 2015. EBIT grew 12.2% to ₱8.45 billion while EBITDA posted a 12.5% growth to ₱12.02 billion. Net income stood at ₱6.15 billion, up by 7.9% compared to last year.

The Commercial Centers Division accounted for ₱9.96 billion of the real estate revenues for the year versus ₱9.10 billion last year or a 9.4% increase. Rental revenues increased due to opening of new malls in Cebu City, Tagum (Davao), General Trias (Cavite) and Jaro (Iloilo). Also, the full year impact of Robinsons Place Antique and the expansion of Robinsons Novaliches, as well as the expansion of Robinsons Ilocos this year, contributed to the growth. Cinema revenues increased due to more blockbuster films released this year than last year and the operation of new cinemas in new malls. The Division's EBIT and EBITDA grew by 5.2% and 8.5%, respectively.

Revenues of Office Buildings Division grew by 30% to ₱2.91 billion from ₱2.24 billion over the same period last year. Revenue growth was mainly attributable to the contribution from new office developments completed in 2014 and 2015 namely Cyberscape Alpha, Cyberscape Beta and Tera Tower. System-wide occupancy rate ended at 96% as of September 30, 2016. The Division's EBIT and EBITDA showed positive variances of 27.9% and 25.0%, respectively.

The Residential Division realized revenues rose to ₱7.83 billion for the year versus ₱6.62 billion last year, an increase of 18.2%, due to higher level of buyers meeting the equity requirement of 15% in recognizing sales based on percentage of construction completion. Both EBIT and EBITDA have shown positive variances of 13.8% and 13.5 %, respectively.

The Hotels and Resorts Division, a major contributor to the Group's recurring revenues, registered gross revenues of ₱1.81 billion as against last year's ₱1.75 billion. The 3.5% increase in hotel revenues principally came from the relatively new hotels namely Go Hotels Iloilo, Go Hotels Ortigas Center, Go Hotels Butuan, and Summit Hotels Magnolia. The hotel average occupancy rate is 68% in 2016. Hotels and Resorts Division EBIT and EBITDA grew by 8.3% and 6.7%, respectively.

Interest income decreased to ₱18.1 million from ₱39.3 million last year due to lower average balance of cash and cash equivalents during the fiscal year 2016 resulting from higher level of capital expenditures and operating expenses.

Real estate cost and expenses went up by 19% to ₱9.34 billion from ₱7.84 billion last year. The opening of new malls raised the level of depreciation expense of Commercial Centers Division by ₱330 million or 14% while opening of new office buildings increased depreciation expense of the Office Buildings Division by ₱87 million or 16%. In addition, the higher level of realized sales of residential units brought cost of real estate sales to increase by ₱775.0 million or 24%. Furthermore, cinema expense rose by 10% or ₱69.8 million as a result of increase in cinema revenues.

General and administrative expenses went up by 11% to ₱3.40 billion due to higher taxes and licenses, salaries, insurance, donations, advertising and promotions and supplies expense, among others.

Interest expense significantly increased to ₱571.6 million due to higher level of short-term and long-term borrowings.

Total assets of the Group stood at ₱120.04 billion, a growth of 21% from ₱99.07 billion in 2015. Receivables (current and noncurrent net) increased by 30% or ₱2.29 billion to ₱10.02 billion due substantially to higher level of installment contracts receivables.

Subdivision land, condominium and residential units for sale increased by 67% to ₱25.85 billion due to purchase of land rights located in Chengdu Province, China, and higher level of capital expenditures for new and ongoing projects under the Residential division.

Investment properties and Property and equipment both increased by 12% to ₱71.90 billion and 27% to ₱4.46 billion, respectively. Increase in Investment Properties is due to acquisition of several land properties both for residential and commercial development. Moreover, the completion of construction of Robinsons malls in Maxilom-Cebu, Tagum, Jaro-Iloilo, Ilocos (expansion), General Trias-Cavite, redevelopment of Robinsons Galleria and installation of Solar Power facility in various malls, as well as the on-going construction of Robinsons Iligan, Naga and Pavia-Iloilo contributed to the increase in Investment Properties. On the other hand, the increase in Property and Equipment is due to expansion projects from all three hotel segments namely Go Hotels, Summit Hotels, and International.

Other current assets increased by 13% to ₱4.45 billion due to increase in advances to suppliers and contractors for mall, office buildings and residential constructions. On the other hand, other noncurrent assets decreased by 31% to ₱2.21 billion mainly due to return of bid deposit for land use rights amounting to ₱1.4 billion.

Accounts payable and accrued expenses went up by 34% to ₱7.94 billion due to higher level of capital expenditures and operating expenses this year.

Loans Payable (current and noncurrent) increased by 50% to ₱37.34 billion due to availment of additional term loans totaling ₱11.5 billion and short-term loans totaling ₱0.99 billion in 2016. Deposits (current and noncurrent) and Other liabilities went up by 16% to ₱9.83 billion due to higher level of deposits from from real estate buyers.

Equity attributable to equity of the Parent Company as of September 30, 2016 stood at ₱61.34 billion, up by 8% from ₱56.66 billion last year due to the earnings during the year of ₱6.15 billion net of payment of dividends of ₱1.47 billion.

A summary of RLC's key performance indicators follows:

	2016	2015
Gross revenues	₱22.51 billion	₱19.71 billion
EBIT	8.45 billion	7.54 billion
EBITDA	12.02 billion	10.69 billion
Net income	6.15 billion	5.70 billion
Earnings per share	1.50	1.39
Net book value per share	14.98	13.84
Current ratio	2.25:1	1.98:1
Debt-to-equity ratio	0.61:1	0.44:1
Interest coverage ratio	6.06:1	7.91:1
Asset to equity ratio	1.95:1	1.74:1
Operating margin ratio	0.38:1	0.38:1

Capital additions and additions to subdivision land, condominium and residential units for sale for the fiscal year ended September 30, 2016 amounted to ₱26.7 billion, funding of which was sourced from proceeds from borrowings and internally-generated funds.

Item 10. Trends, Events or Uncertainties that have had or that are reasonably expected to affect revenues and income

a.) There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material effect on revenues or income from continuing operations.

The Company currently derives substantially all of its revenues and income from its property investment and development businesses in the Philippines. Their performance and profitability are anchored on the strength of the Philippine economy that is largely driven by private consumption, remittances from OFWs, growth of the IT-BPM sector, flourishing tourism industry, and a low interest rate environment.

b.) Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

Not Applicable

c.) All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entries or other persons created during the reporting period.

Not Applicable

Item 11. Financial Statements

The consolidated financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules (page 85) are filed as part of this Form 17-A (pages 96 to 208).

Item 12. Information on Independent Accountant and Other Related Matters

a) External Audit Fees and Services

Audit and Audit-Related Fees

The table below sets forth the aggregate fees billed to the Company for each of the last two years for professional services rendered by Sycip, Gorres Velayo & Co. :

Name	2018	2017
Audit and Audit-Related Fees		
Fees for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements	**₱6,529,981**	**₱4,106,781**
All other fees..	**910,300**	**227,845**
TOTAL	**₱7,440,281**	**₱4,334,626**

No other service was provided by external auditors to the Company for the calendar years 2018 and 2017.

b) Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

Item 13. Security Ownership of Certain Record and Beneficial Owners and Management

a) Security Ownership of Certain Record and Beneficial Owners

As of December 31, 2018, the Corporation knows no one who beneficially owns in excess of 5% of the Corporation's common stock except as set forth in the table below.

Title of Class	Name and addresses of record owners and relationship with the Corporation	Names of beneficial owner and relationship with record owner	Citizenship	No. of shares held	% to Total Outstanding
Common	JG Summit Holdings, Inc. [1] 43/F Robinsons Equitable Tower, ADB Avenue corner Poveda Street, Ortigas Center, Pasig City (stockholder)	Same as record owner (see note 1)	Filipino	3,166,806,886	60.97%
Common	PCD Nominee Corporation [2] (Non-Filipino) 37/F Tower I, The Enterprise Center 6766 Ayala Ave. corner Paseo de Roxas, Makati City (stockholder)	PCD Participants and their clients (see note 2)	Non-Filipino	1,210,012,520	23.30%
Common	PCD Nominee Corporation (Filipino) 37/F Tower I, The Enterprise Center 6766 Ayala Ave. corner Paseo de Roxas, Makati City (stockholder)	PCD Participants and their clients (see note 2)	Filipino	782,456,845	15.07%

Notes:

1 The Chairman and the President of JG Summit Holdings Inc. (JGSHI) are both empowered under its by-laws to vote any and all shares owned by JGSHI, except as otherwise directed by its board of directors. The incumbent Chairman and Chief Executive Officer and President and Chief Operating Officer of JGSHI are Mr. James L. Go and Mr. Lance Y. Gokongwei, respectively.

2 PCD Nominee Corporation is the registered owner of the shares in the books of the Corporation's transfer agent. PCD Nominee Corporation is a corporation wholly owned by the Philippine Depository and Trust Corporation, Inc. (formerly the Philippine Central Depository) ("PDTC"), whose sole purpose is to act as nominee and legal title holder of all shares of stock lodged in the PDTC. PDTC is a private corporation organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. Under the current PDTC system, only participants (brokers and custodians) will be recognized by PDTC as the beneficial owners of the lodged shares. Each beneficial owner of shares through his participants will be the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee.

Out of the PCD Nominee Corporation account, "Deutsche Bank Manila-Clients", "The HongKong and Shanghai Banking Corp. Ltd.- Clients Account" and "Citibank N.A." hold for various trust accounts the following shares of the Corporation as of December 31, 2018:

	No. of shares held	% to total outstanding
Deutsche Bank Manila-Clients	630,766,398	12.15%
The Hongkong and Shanghai Banking Corp. Ltd. - Clients Acct.	428,383,757	8.25%
Citibank N.A.	394,741,488	7.60%

Voting instructions may be provided by the beneficial owners of the shares.

b) Security Ownership Of Management as of December 31, 2018

Title of Class	Name of beneficial Owner	Position	Amount & nature of beneficial ownership	Citizenship	% to Total Outstanding
A. Executive Officers (see note 1)					
Common	1. John L. Gokongwei, Jr.	Director, Chairman Emeritus and Founder	11,941,866 (see note 2)	Filipino	0.23%
Common	2. James L. Go	Director, Chairman Emeritus	2,139,011	Filipino	0.04%
Common	3. Lance Y. Gokongwei	Director, Chairman	805,001	Filipino	0.02%
Common	4. Frederick D. Go	Director, President	986,027	Filipino	0.02%
Common	5. Arlene G. Magtibay	General Manager	0		*
	Sub-Total		15,871,905		0.31%
B. Other Directors, Executive Officers and Nominees					
Common	6. Patrick Henry C. Go	Director	10,000	Filipino	*
Common	7. Robina Y. Gokongwei-Pe	Director	685,094	Filipino	0.01%
Common	8. Johnson Robert G. Go, Jr.	Director	1	Filipino	*
Common	9. Artemio V. Panganiban	Director (Independent)	31,718	Filipino	*
Common	10. Roberto F. de Ocampo	Director (Independent)	1	Filipino	*
Common	11. Emmanuel C. Rojas, Jr.	Director (Independent)	901	Filipino	*
Common	12. Omar Byron T. Mier	Director (Independent)	1	Filipino	*
	Subtotal		727,716		0.01%
C. All directors and executive officers as a group unnamed			16,599,621		0.32%

Notes:

[1] As defined under Part IV (B)(1)(b) of SRC Rule 12, the "named executive officers" to be listed refer to the Chief Executive Officer and those that are the four (4) most highly compensated executive officers as of December 31, 2018.

[2] Sum of shares in the name of John Gokongwei, Jr., John L. Gokongwei, Jr. and Elizabeth Y. Gokongwei and/or John Gokongwei.

* less than 0.01%

c) Voting Trust Holder of 5% or more - as of December 31, 2018

There are no persons holding more than 5% of a class under a voting trust or similar agreement.

d) Changes in Control

There has been no change in control of the Company since December 31, 2018.

PART III- CONTROL AND COMPENSATION INFORMATION

Item 14. Directors and Executive Officers of the Registrant

The overall management and supervision of the Company is undertaken by the Board of Directors. The Company's executive officers and management team cooperate with the Board of Directors by preparing appropriate information and documents concerning business operations, financial condition and results of operations of the Company for its review. Currently, the Board of Directors of the Company consists of eleven members, of which four are independent directors.

The table below sets forth Board of Directors and Executive Officers of the Company as of December 31, 2018:

Name	Age	Position	Citizenship
John L. Gokongwei, Jr.	92	Director, Chairman Emeritus and Founder	Filipino
James L. Go	79	Director, Chairman Emeritus	Filipino
Lance Y. Gokongwei	52	Director, Chairman	Filipino
Frederick D. Go	49	Director, President & Chief Executive Officer	Filipino
Patrick Henry C. Go.................	48	Director	Filipino
Johnson Robert G. Go, Jr.	53	Director	Filipino
Robina Y. Gokongwei-Pe.........	57	Director	Filipino
Artemio V. Panganiban	82	Director (Independent)	Filipino
Roberto F. de Ocampo.............	72	Director (Independent)	Filipino
Emmanuel C. Rojas, Jr.	83	Director (Independent)	Filipino
Omar Byron T. Mier……………	73	Director (Independent)	Filipino
Kerwin Max S. Tan...................	49	Chief Financial Officer	Filipino
Faraday D. Go…………………	43	Executive Vice President and in a concurrent capacity Business Unit General Manager	Filipino
Arlene G. Magtibay	56	Senior Vice President and Business Unit General Manager	Filipino
Henry L. Yap…………………..	56	Senior Vice President and Business Unit General Manager	Filipino
Ma. Socorro Isabelle V. Aragon-Gobio…………………..	46	Senior Vice President and Business Unit General Manager	Filipino
Arthur Gerrard D. Gindap.……..	57	Senior Vice President and Business Unit General Manager	Filipino
Corazon L. Ang Ley……………	51	Business Unit General Manager	Filipino
Elizabeth Kristine D. Gregorio..	46	General Manager - Go Hotels & Summit	Filipino

Name	Age	Position	Citizenship
		Hotels	
Bach Johann M. Sebastian……	57	Senior Vice President and Chief Strategist	Filipino
Anna Katrina C. De Leon ……..	33	Vice President - Group Controller	Filipino
Joanna N. Laiz…………………	46	Vice President	Filipino
Ernesto B. Aquino………..……	57	Vice President	Filipino
Emmanuel G. Arce……………..	60	Vice President	Filipino
Constantino C. Felipe…………	56	Vice President	Filipino
Catalina M. Sanchez…………..	40	Vice President	Filipino
Sylvia B. Hernandez…………...	55	Vice President - Treasurer	Filipino
Rosalinda F. Rivera..................	48	Corporate Secretary	Filipino
Arlene S. Denzon.....................	51	Compliance Officer	Filipino

The above directors and officers have served their respective offices since May 30, 2018. The independent directors of the Company are Roberto F. de Ocampo, Emmanuel C. Rojas Jr., Retired Chief Justice Artemio V. Panganiban, and Omar Byron T. Mier.

A brief description of the directors and executive officers' business experience and other directorships held in other reporting companies are provided as follows:

a) Directors' and Key Officers' Experience

John L. Gokongwei, Jr., 92, founded RLC in 1980 and has been the Chairman Emeritus and Founder of RLC effective January 1, 2002. He continues to be a member of RLC's Board and is the Chairman Emeritus and Founder of JG Summit Holdings, Inc. and Universal Robina Corporation. He is currently the Chairman of the Gokongwei Brothers Foundation, Inc., and a director of Cebu Air, Inc., Robinsons Retail Holdings, Inc. and Oriental Petroleum and Minerals Corporation. He was elected a director of Manila Electric Company on March 31, 2014. He is also a non-executive director of A. Soriano Corporation. Mr. Gokongwei received a Master's degree in Business Administration from the De La Salle University and attended the Advanced Management Program at Harvard Business School.

James L. Go, 79, is the Chairman Emeritus and member of the Board of Directors of RLC. He is the Chairman of JG Summit Holdings, Inc. and Cebu Air, Inc. He is also the Chairman and Chief Executive Officer of Oriental Petroleum and Minerals Corporation. He is the Chairman Emeritus of Universal Robina Corporation, JG Summit Petrochemical Corporation, and JG Summit Olefins Corporation. He is the Vice Chairman of Robinsons Retail Holdings, Inc. and a director of Marina Center Holdings Private Limited, United Industrial Corporation Limited and Hotel Marina City Private Limited. He is also the President and Trustee of the Gokongwei Brothers Foundation, Inc. He has been a director of the Philippine Long Distance Telephone Company (PLDT) since November 3, 2011. He is a member of the Technology

Strategy Committee and Advisor of the Audit Committee of the Board of Directors of PLDT. He was elected a director of Manila Electric Company on December 16, 2013. Mr. Go received his Bachelor of Science Degree and Master of Science Degree in Chemical Engineering from Massachusetts Institute of Technology, USA.

Lance Y. Gokongwei, 52, is the Chairman of RLC. He is the President and Chief Executive Officer of JG Summit Holdings, Inc., He is the Chairman of Universal Robina Corporation, Robinsons Retail Holdings, Inc., JG Summit Petrochemical Corporation, JG Summit Olefins Corporation and Robinsons Bank Corporation. He is the President and Chief Executive Officer of Cebu Air, Inc. He is a director and Vice Chairman of Oriental Petroleum and Minerals Corporation, and United Industrial Corporation Limited. He is also a trustee and secretary of the Gokongwei Brothers Foundation, Inc. He received a Bachelor of Science degree in Finance and a Bachelor of Science degree in Applied Science from the University of Pennsylvania.

Frederick D. Go, 49, is the President and Chief Executive Officer of RLC. He is also the President of Robinsons Recreation Corporation. He is the Group General Manager of Shanghai Ding Feng Real Estate Development Company Limited, Xiamen Pacific Estate Investment Company Limited, Chengdu Ding Feng Real Estate Development Company Limited, and Taicang Ding Feng Real Estate Development Company Limited. He also serves as a director of Universal Robina Corporation, Cebu Air, Inc., Robinsons Bank Corporation, JG Summit Petrochemical Corporation, and Cebu Light Industrial Park. He is also the Vice Chairman of the Philippine Retailers Association. He received a Bachelor of Science degree in Management Engineering from the Ateneo de Manila University. Mr. Frederick D. Go is a nephew of Mr. John L. Gokongwei, Jr.

Patrick Henry C. Go, 48, was elected as a director of RLC on January 17, 2000. He is also a Vice President of URC. He is the President and Chief Executive Officer of JG Summit Petrochemical Corporation, JG Summit Olefins Corporation. He is also a director of JG Summit Holdings, Inc., Robinsons Land Corporation, and Robinsons Bank Corporation. He is a trustee and treasurer of the Gokongwei Brothers Foundation, Inc. He received a Bachelor of Science degree in Management from the Ateneo de Manila University and attended the General Manager Program at Harvard Business School. Mr. Patrick Henry C. Go is a nephew of Mr. John L. Gokongwei, Jr.

Johnson Robert G. Go, Jr., 53, was elected as a director of RLC on May 29, 2005. He is currently a director of JG Summit Holdings, Inc., Universal Robina Corporation, and Robinsons Bank Corporation. He is also a trustee of the Gokongwei Brothers Foundation, Inc. He received a Bachelor of Arts degree in Interdisciplinary Studies (Liberal Arts) from the Ateneo de Manila University. He is a nephew of Mr. John L. Gokongwei, Jr.

Robina Gokongwei-Pe, 57, was elected as a director of RLC on May 5, 2005. She is also a director of JG Summit Holdings, Inc., Cebu Air, Inc., and Robinsons Bank Corporation. She is currently the President and Chief Executive Officer of Robinsons Retail Holdings, Inc. consisting of Robinsons Supermarket, Robinsons Department Store, Handyman, True Value, Robinsons Builders, Robinsons Specialty Stores, Robinsons Appliances, Toys R Us, Daiso Japan, Ministop, South Star Drug and The Generics Pharmacy. She is a Trustee of the Gokongwei Brothers Foundation Inc.

and the Immaculate Concepcion Academy Scholarship Fund. She was also a member of the University of the Philippines Centennial Commission and was a former Trustee of the Ramon Magsaysay Awards Foundation. She obtained her Bachelor of Arts degree in Journalism from the New York University. She is a daughter of Mr. John L. Gokongwei, Jr.

Artemio V. Panganiban, 82, was elected as an independent director of RLC on May 14, 2008. He is concurrently an adviser, consultant and/or independent director of several business, civic, non-government and religious groups. He also writes a regular column in the Philippine Daily Inquirer. He is a retired Chief Justice of the Philippines and was concurrently Chairperson of the Presidential Electoral Tribunal, the Judicial and Bar Council and the Philippine Judicial Academy. Prior to becoming Chief Justice, he was Justice of the Supreme Court of the Philippines (1995-2005), Chairperson of the Third Division of the Supreme Court (2004-2005), Chairperson of the House of Representatives Electoral Tribunal (2004-2005), Consultant of the Judicial and Bar Council (2004-2005) and Chairperson of eight Supreme Court Committees (1998-2005). He authored thirteen (13) books. Retired Chief Justice Panganiban obtained his Bachelor of Laws degree, cum laude, from the Far Eastern University and placed 6th in the 1960 bar examination. He was conferred the title Doctor of Laws (Honoris Causa) by the University of Iloilo in 1997, the Far Eastern University in 2002, the University of Cebu in 2006, the Angeles University in 2006, and the Bulacan State University in 2006.

Roberto F. de Ocampo, 72, was elected as an independent director of RLC on May 28, 2003. He is the former President of the Asian Institute of Management (AIM), one of Asia's leading international business management graduate schools based in the Philippines. He is among others, currently the Chairman of the Philippine Veterans Bank, and is Chairman of the Board of Advisors of the RFO Center for Public Finance and Regional Economic Cooperation (an ADB Regional Knowledge Hub), and Chairman, Board of Advisors of the AIM Conference Center. He served as Secretary of Finance of the Republic of the Philippines from 1994-1998 during the presidency of Fidel V. Ramos and was named Finance Minister of the year in 1995, 1996, and 1997. He was previously Chairman and Chief Executive Officer of the Development Bank of the Philippines during the presidency of Cory Aquino. Dr. de Ocampo graduated from De La Salle College and Ateneo University in Manila, received an MBA from the University of Michigan, holds a post-graduate diploma from the London School of Economics, and has four doctorate degrees (Honoris Causa) by the De La Salle University in Business Administration, by the University of Angeles City in Public Administration, by the Philippine Women's University in Laws, and by the San Beda College in Humane Letters. Dr. de Ocampo was a member of the Board Governors of the World Bank, IMF, and ADB and was Chairman of the APEC and ASEAN Finance Ministers in 1997-98. He was awarded by Queen Elizabeth the Order of the British Empire (OBE) and by France as a Chevalier (Knight) of the Legion d'Honneur. He is the recipient of many international awards including Honorary Officer of the Most Excellent Order of the British Empire, Finance Minister of the Year, Philippine Legion of Honor, ADFIAP Man of the Year, Chevalier of the Legion of Honor of France, Ten Outstanding Young Men Award, several Who's Who Awards and the 2006 Asian HRD Award for Outstanding Contribution to Society. He is also a member /Advisory Board Member of a number of important global institutions including The Conference Board, the Trilateral Commission, the

BOAO Forum for Asia and the Emerging Markets Forum.

Emmanuel C. Rojas, Jr., 83, was elected as a director of RLC on September 28, 2005 and is presently an independent director of the Company. He had been a Consultant and Corporate Secretary of RLC until May 27, 2003. Mr. Rojas is presently an independent director of Unicon Insurance Brokers Corporation. Mr. Rojas previously served as Independent Director of Robinsons Bank and Legaspi Savings Bank for about one year in 2013. He was also a Consultant and Corporate Secretary of JG Summit Holdings, Inc., Universal Robina Corporation, and CFC Corporation. Mr. Rojas retired from his position as First Vice President for Tax Administration under the compulsory retirement policy of the Company upon reaching the age of 60. He also served in various other head positions in administration, audit, controllership and treasurership for the various companies in the Group. A Certified Public Accountant, Mr. Rojas practiced with Fleming and Williamson and SGV & Co. before joining the Group in 1962. He was with IBM Philippines prior to becoming a CPA.

Omar Byron T. Mier, 73, was appointed as an Independent Director of RLC on August 13, 2015. He is also a Director of Robinsons Bank Corporation and Legaspi Savings Bank. He is also a director of Paymaya since 2016 and Chairman of the Board Audit Committee. Prior to joining RLC, he was the President and CEO of Philippine National Bank from 2005-2010 then from 2012 to 2014. He also worked at Deutsche Bank Manila as Deputy General Manager and Head of the Corporate Banking Group. He also worked for Citibank Manila in various positions such as Head of the Multinational Corporations Group, Head of the Local Corporate Group, Head of the Risk Management Group, Headed the Remedial Management Group, and Senior Credit Officer. He was also a Senior Credit Officer at Citibank Malaysia (for both Kuala Lumpur and Penang branch). He is a lecturer for credit and corporate finance at the Citibank Training Center in Singapore, and Guest Risk Asset and Credit Reviewer for various branches in Malaysia, South Korea, Indonesia, Thailand, and Hongkong. He obtained his degrees in Bachelor of Science in Business Administration, Major in Accounting, Bachelor of Arts in Economics. He is a Certified Public Accountant.

Kerwin Max S. Tan, 49, is the Chief Financial Officer of RLC effective March 1, 2016. Previously, he was appointed as the Vice President - Treasurer of RLC on October 2014 and Vice President and Deputy Treasurer of RLC on January 2014. Before this assignment, he was the Vice President for Operations of Robinsons Luxuria, Robinsons Residences and Robinsons Communities effective March 1, 2007. Prior to working in RLC, he worked in various divisions of Citibank N.A. for nine years. His last position at Citibank N.A. was Assistant Vice President and Head of Cash Management Operations. He received a degree in Bachelor of Science in Industrial Engineering from the University of the Philippines, Diliman.

Faraday D. Go, 43, was appointed as Executive Vice President and in a concurrent capacity, Business Unit General Manager of Robinsons Land Corporation's Office Buildings Division effective June 1, 2018. Prior to joining RLC, he was Vice President of the Retail Management and Corporate Sales Division of Digitel Mobile Philippines, Inc. He has over fifteen years' experience in the following businesses: Apo Cement, JG Summit Petrochemical Corporation and Digitel Mobile Philippines, Inc. He received a Bachelor of Science degree in Management (Minor in Finance) from the Ateneo de Manila University in 1998. Mr. Faraday D. Go is a nephew of Mr. John L. Gokongwei, Jr.

Arlene G. Magtibay, 56, is the Senior Vice President and Business Unit General Manager of the Commercial Centers Division of Robinsons Land Corporation. She has 28 years' experience in the planning, development and management of shopping centers. Prior to joining the Company, she was a Director and Senior Vice President at Landco Pacific Corporation where she held the position of SBU Head for Shopping Centers and CBDs. She earned her Bachelor of Science degree in Business Economics, cum laude, from the University of the Philippines, and obtained her Master's in Business Management, with distinction, from the Asian Institute of Management.

Henry L. Yap*,* 55, is the Senior Vice President and Business Unit General Manager of Robinsons Luxuria, Residences and Communities of RLC's Residential Division. Prior to assuming this post, he served the group/company as the Country Business Unit General Manager of Ding Feng Real Estate Companies (China), Business Unit General Manager of the Office Buildings Division, Vice President of RLC's Property Planning and Design Department and member of the Investors Relations Team. Before joining RLC, he headed the Property Planning and Design Group of Fort Bonifacio Development Corporation and sat on the Boards of seven subsidiaries, affiliates and foundation of FBDC. He worked as Manager for Metro Manila Camps of the Bases Conversion and Development Authority where he was involved in the planning, design, privatization and implementation of the Bonifacio Global City, among others. He also lent his expertise to Government by serving as the head of the National Committee on Architecture and the Allied Arts and member of the Sub-Commission on the Arts of the National Commission for Culture and the Art. He also taught at the University of the Philippines where he was Senior Lecturer at the School of Urban and Regional Planning and at the College of Architecture. He holds a Master's of Science in Urban Planning in Developing Countries from the University of Wales College of Cardiff (UK), Bachelor of Science in Architecture, cum laude, and earned units for his Ph.D. in Urban and Regional Planning, both from UP. Henry Yap is Philippine-licensed Architect and Environmental Planner.

Ma. Soccorro Isabelle V. Aragon-Gobio, 46, was appointed as Senior Vice President and Business Unit General Manager of Industrial and Integrated Developments Division effective October 1, 2016. She has been with RLC for 25 years and is concurrently director of Manhattan Building Management Corporation, Manchego Food Corporation, and various condominium corporations of the Company's projects. She received a degree in Bachelor of Science in Management Engineering with a minor in International Business from the Ateneo de Manila University and is a PRC licensed Real Estate Broker.

Arthur Gerrard D. Gindap, 57, is Senior Vice President and Business Unit General Manager of Robinsons Hotels & Resorts. Prior to joining RLC in 2018, he was Regional Vice President, Philippines & Thailand, and Vice President, Global Operations & Customer Service for The Ascott Ltd. For the period 1989 to 2004, he held various senior and general management positions with Mandarin Oriental Hotels, Shangri-La Hotels, Swiss-Belhotel International and The Mulia Group. He received a Hotel & Restaurant Diploma from Sheridan College in Brampton, Ontario, Canada in 1980.

Corazon L. Ang Ley, 51, is the Business Unit General Manager for Robinsons Homes concurrent to her role as Property Acquisition Head for RLC. She's held various positions and functions within RLC during her 25 years of service including her 3 year stint in China. She graduated from the University of the Philippines - Asian Institute of Tourism in 1987.

Elizabeth Kristine D. Gregorio, 46, was appointed as General Manager-Go Hotels & Summit Hotels of Robinsons Hotels and Resorts on January 1, 2014. She has been with Robinsons Land Corporation since October 1, 1993 and has served in various capacities, particularly as Purchasing Manager, Quality Assurance Manager of Big R Supercenters, and Assistant to the President of Robinsons Recreation Corporation. She received a Bachelor of Science degree in Management from Ateneo de Manila University and her Masters in Business Administration from De La Salle University.

Bach Johann M. Sebastian, 57, is Senior Vice President and Chief Strategist of RLC. He is also the Senior Vice President - Digital and Strategic Investments Group of JG Summit Holdings, Inc. He is also a Senior Vice President of Universal Robina Corporation, and is the Senior Vice President and Chief Strategist Cebu Air, Inc., and Robinsons Retail Holdings, Inc. Prior to joining RLC in 2002, he was Senior Vice President and Chief Corporate Strategist at RFM Corporation, Swift Foods Inc., Selecta Dairy Products Inc., Cosmos Bottling Corporation, and PSI Technologies Inc. Between 1981 and 1991, he was with the Department of Trade and Industry as Chief of Economic Research, and Director of Operational Planning. He received a Bachelor of Arts in Economics from the University of the Philippines in 1981 and a Master in Business Administration degree from the Asian Institute of Management in 1986.

Anna Katrina C. De Leon*,* 33, was appointed as Vice President - Group Controller of RLC. Concurrently, she handles RLC's subsidiaries. She is also an active member of RLC's Investor Relations Team since 2013. A Certified Public Accountant, she had a three-year stint in SGV & Co. (a member firm of Ernst & Young) as an external auditor with a broad audit client base including publicly-listed and privately-held real estate entities prior joining RLC in 2011. A consistent Dean's Lister, she received a Bachelor's Degree in Accountancy from the University of the East in 2008.

Joanna N. Laiz*,* 48, is currently taking the position of Vice President, Lease of RLC. She had over 25 years of experience in Real Estate covering the areas of Leasing, Tenant Relations and Networking, Business Development, Advertising and Promotions, Mall Operations, Asset Management and Site Development. Her most recent job before RLC was in Vista Malls between 2013 and 2018. Followed by Filinvest Land in 2012. She also worked for Viscal Development Corp (Metro Gaisano) briefly between 2010 and 2011. Additionally, she worked for Landco Pacific Corp and Golden Arches Development Corp between 1992 and 2009. She received a Bachelor of Science in Computer Science degree from AMA Computer College in 1991.

Ernesto "Boyong" Aquino, Jr.*,* 51, is Vice President of Corporate Property Planning Dept Project Office of RLC Commercial Center Division. He joined RLC in 2000 as the head of Store Planning, Visuals and Engineering department of Big R Stores Inc and was moved in 2004 to Hotels and Resorts Division as Senior Project Director. Prior to joining RLC, he was a Creative Manager of Store Planning Department in Robinsons Retail Group for 8 years. He graduated in Mapua Institute of Technology in 1990 with a degree of BS Architecture.

Emmanuel G. Arce, 60, is the Vice President for Project Management Department effective June 2007. He started in RLC on August 2004 as Project Director then Assistant Vice President. Prior to joining RLC in 2004, he was the Estate Manager of the Bonifacio Estate Service Corporation, General Manager of Capstone Builders Corporation, Assistant Vice President of Cebu Light Industrial Park and Investment Capital Corporation of the Philippines (ICCP land Management Inc.) and Vice President of Gateway Property Holdings Inc. He received a Bachelor of Science in Civil Engineering from the Far Eastern University.

Constantino Felipe, 56, is the Vice President for Human Resources. Prior to joining RLC, he handled various HR roles within the Philippines and Asia Pacific. He is experienced in team and change management process, employee counseling and training program development. He received a bachelor degree in Psychology from the University of the Philippines and was trained in competency based assessments with Egon Zehnder International and Watson Wyatt.

Catalina Mallari-Sanchez, 39, was appointed as Vice President for Business Development and Marketing for Office Buildings Division. She is also a member of the Investor Relations team of RLC. She has over 19 years of experience in the real estate industry particularly in the residential, office and flexible workspace segments. She holds a degree in Bachelor of Science in Economics minor in Communication Research from University of the Philippines, Diliman.

Sylvia B. Hernandez, 55, was appointed as Vice President - Treasurer of RLC on February 1, 2016. She currently holds the position as Assistant Treasurer of other affiliate companies (Altus Angeles Inc, Altus San Nicolas Corp., Robinsons Recreation Corp., and Manhattan Building Management Corp.); Various Condominium Corporation, such as Rob. Equitable Tower Condo Corp., Rob. Summit Center Condo Corp.) Prior to joining RLC in 1996 as Assistant Treasurer, she was the Special Assistant to the VP - Treasurer of Robinsons Inn Inc. and Manila Midtown Hotel. She was also the Chief Accountant of Robinsons Inc. and Shrine

Galleria Corporation. Sylvia has been with JGSHI since November 16, 1983. She graduated from Polytechnic University of the Philippines with a degree of Bachelor in Accountancy. She is a Certified Public Accountant.

Rosalinda F. Rivera, 48, was appointed Corporate Secretary of RLC on May 28, 2003 and has been Assistant Corporate Secretary since May 2002. She is also the Corporate Secretary of JG Summit Holdings, Inc., Universal Robina Corporation, Cebu Air, Inc., Robinsons Retail Holdings, Inc. and JG Summit Petrochemical Corporation. Prior to joining RLC, she was a Senior Associate in Puno and Puno Law Offices. She received a degree of Juris Doctor from the Ateneo de Manila University School of Law and a Masters of Law in International Banking from the Boston University School of Law. She was admitted to the Philippine Bar in 1995.

Arlene S. Denzon, 51, is the Compliance Officer of RLC and Vice President of the Corporate Governance and Management Systems (CGMS) of JGSHI. She is also the Compliance Officer of JG Summit Holdings, Inc. and Universal Robina Corporation. Prior to rejoining the RLC in February 2013, she was the Senior Vice President in charge of the Enterprise-wide Risk Management Group of Digitel Mobile Philippines, Inc. (DMPI, more popularly known as Sun Cellular) until December, 2012. Ms Denzon started her career in the Gokongwei Group in 1991 and performed various roles including Accounting Manager of JGSHI until 1997, Assistant Vice President-Special Assistant to the Chairman until 2001, Vice President-Treasurer and Acting Chief Financial Officer of URC International until 2003 before she was seconded to DMPI in 2004. Prior to RLC, Ms. Denzon had three years working experience as external auditor in Sycip, Gorres, Velayo & Co. She was a Certified Public Accountant Board topnotcher and obtained her Bachelor of Accountancy degree, Magna Cum Laude, from Polytechnic University of the Philippines.

b) Involvement In Certain Legal Proceedings of Directors and Executive Officers

None of the members of RLC's Board nor its executive officers are involved in any criminal, bankruptcy or insolvency investigations or proceedings for the past five (5) years.

c) Family Relationships

James L. Go is the brother of John Gokongwei, Jr.
Lance Y. Gokongwei is the son of John Gokongwei, Jr.
Frederick D. Go is the nephew of John Gokongwei, Jr.
Patrick Henry C. Go is the nephew of John Gokongwei, Jr.
Johnson Robert G. Go, Jr. is the nephew of John Gokongwei, Jr.
Robina Y. Gokongwei-Pe is the daughter of John Gokongwei, Jr.
Faraday D. Go, Jr. is the nephew of John Gokongwei, Jr.

Item 15. Executive Compensation

a) Summary Compensation Table

The following table identify RLC's Chief Executive Officer and the four most highly compensated executive officers and summarizes their aggregate compensation for the two most recent calendar years.

		Calendar Year 2018			
		Salary	*Bonus*	**Others*	*Total*
A. CEO and four most highly compensated executive officers		P 40,254,972	P 2,000,000	P 937,500	P 43,192,472
Name	*Position*				
1. James L. Go	Director, Chairman Emeritus				
2. Frederick D. Go	Director, President and Chief Executive Officer				
3. John L. Gokongwei, Jr.	Director, Chairman Emeritus and Founder				
4. Arlene G. Magtibay	Senior Vice President and BU General Manager				
5. Lance Y. Gokongwei	Director, Chairman				
B. All other officers and directors as a group unnamed		P 80,327,505	P 3,500,000	P 1,477,500	P 85,305,005

		Calendar Year 2017			
		Salary	*Bonus*	**Others*	*Total*
A. CEO and four most highly compensated executive officers		P 38,008,402	P 2,000,000	P 307,500	P 40,315,902
Name	*Position*				
1. James L. Go	Director, Chairman				
2. Frederick D. Go	Director, President				
3. John L. Gokongwei, Jr.	Director, Chairman Emeritus				
4. Arlene G. Magtibay	Senior Vice President and BU General Manager				
5. Lance Y. Gokongwei	Director, Vice Chairman & Chief Executive Officer				
B. All other officers and directors as a group unnamed		P 76,743,217	P 3,500,000	P 405,000	P 80,648,217

** Per diem*

The following table lists the name of the Company's Chief Executive Officer and the four most highly compensated executive officers and summarized their aggregate compensation for the ensuing year:

		Calendar Year 2019**			
		Salary	*Bonus*	**Others*	*Total*
A. CEO and four most highly compensated executive officers		P 42,568,131	P 2,000,000	P 937,500	P 45,505,631
Name	*Position*				
1. James L. Go	Director, Chairman Emeritus				
2. Frederick D. Go	Director, President and Chief Executive Officer				
3. John L. Gokongwei, Jr.	Director, Chairman Emeritus and Founder				
4. Arlene G. Magtibay	Senior Vice President and BU General Manager				
5. Lance Y. Gokongwei	Director, Chairman				
B. All other officers and directors as a group unnamed		P 87,156,660	P 3,500,000	P 1,477,500	P 92,134,160

** Per diem*
*** Estimated*

b) Standard Arrangement

Other than payment of reasonable per diem, there are no standard arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as director for the last completed calendar year and the ensuing year.

c) Other Arrangement

There are no other arrangements pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly, during the Company's last completed calendar year, and the ensuing year, for any service provided as a director.

d) Any employment contract between the company and named executive officer

There are no special employment contracts between the registrant and the named executive officers.

e) Warrants and Options Outstanding

There are no outstanding warrants or options held by the Company's CEO, the named executive officers, and all officers and directors as a Group.

Item 16. Certain Relationships And Related Party Transactions

RLC is a member of the JG Summit Group. The JG Summit Group comprise JG Summit and its subsidiaries. As of December 31, 2018, JG Summit and other companies within the JG Summit Group held 60.97% of the outstanding shares of the Company. JG Summit was incorporated in November 1990 as the holding company for a group of companies with diverse interests in branded consumer foods, agro-industrial and commodity food products, textile, telecommunications, petrochemicals, air transportation and financial services.

RLC and its subsidiaries, in their ordinary course of business, engage in transactions with companies in the JG Summit Group and other companies controlled by the Gokongwei Family. The most significant of these transactions include tenancy by various retail-related companies controlled by the Gokongwei Family in RLC's shopping malls as well as substantial intercompany loans. RLC's policy with respect to related party transactions is to ensure that these transactions are entered into on terms comparable to those available from unrelated third parties.

The Company's major related party transactions include leases of significant portions of its commercial centers and office buildings to companies controlled by the Gokongwei Family, including Robinsons Department Store, Robinsons Supermarket and Handyman Do-It-Best. Other affiliates from whom RLC earns rental income include Top Shop, Robinsons Bank and Cebu Pacific. Rental income paid to RLC by affiliates amounted to ₱2.787 billion and ₱2.337 billion for the years ended December 31, 2018 and 2017, respectively.

RLC and its subsidiaries also maintain savings and current accounts and time deposits with Robinsons Bank (formerly Robinsons Savings Bank), an affiliated local commercial bank. These balances amounted to ₱2.23 billion and ₱1.01 billion as of December 31, 2018 and 2017, respectively.

In addition to the foregoing transactions, JG Summit also provides RLC with certain corporate services including debt management, corporate finance, corporate planning, procurement, human resources, controller and treasury services, legal and corporate communications. For further information on the Company's related party transactions, including detailed breakdowns of amounts receivable from and amounts payable to affiliated companies, see Note 22 to the Company's financial statements as of and for the calendar years ended December 31, 2018 and 2017.

PART IV. CORPORATE GOVERNANCE

Adherence to the principles and practices of good corporate governance, as embodied in its Corporate Governance Manual, has been reinforced by continuous improvement by the Company in order to implement good governance and management practices.

The Board of Directors has approved its Corporate Governance Compliance Evaluation System in late 2003 in order to monitor and assess the level of compliance of the Company with leading practices on good corporate governance as specified in its Corporate Governance Manual and pertinent SEC Circulars. The System likewise highlights areas for compliance improvement and actions to be taken. One of the System's output is the Annual Corporate Governance Compliance Evaluation Form submitted to the SEC and PSE on or before January 30 of every year. RLC began making such submission of the Annual Corporate Governance Compliance Evaluation Form covering the previous calendar year to the SEC and PSE in 2004.

Likewise, RLC has consistently striven to raise its level of reporting to adopt and implement prescribed International Accounting Standards (IAS).

PART V - EXHIBITS AND SCHEDULES

Item 17. Exhibits And Reports On SEC Form 17-C

(A) Exhibits-See Accompanying Index To Exhibits (Page 221)

The following exhibit is filed as a separate section of this report:

(Exhibit 18) Subsidiaries Of The Registrant (page 222)

The other exhibits, as indicated in the Index to exhibits are either not applicable to the Company or does not require an answer.

(B) Reports on SEC Form 17-C (Current Report)

Following is a list of corporate disclosures of RLC filed under SEC Form 17-C for the period from July 1, 2018 to December 31, 2018:

Date of Disclosure	Subject Matter
August 14, 2018	PSE Disclosure Form 4-8 – Change in Directors or Officers
October 1, 2018	PSE Disclosure Form 4-8 – Change in Directors or Officers
November 13, 2018	PSE Disclosure Form 4-2 – Joint Ventures

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on April 3, 2019.

By:

Lance Y. Gokongwei
Chairman
(Acts as Principal Financial Officer)
4-3-2019

Frederick D. Go
President & Chief Executive Officer
4-3-2019

Kerwin Max S. Tan
Chief Financial Officer
4-3-2019

Anna Katrina C. De Leon
VP - Group Controller/
Principal Accounting Officer
4-3-2019

Rosalinda F. Rivera
Corporate Secretary
4-3-2019

03 APR 2019

SUBSCRIBED AND SWORN to before me this _________ day of __________ 2019, affiant(s) exhibiting to me his/their Residence Certificate, as follows:

NAMES	RES. CERT. NO.	DATE OF ISSUE	PLACE OF ISSUE
Lance Y. Gokongwei	11746936	Jan. 18, 2019	Pasig City
Frederick D. Go	7894701	Jan. 8, 2019	Quezon City
Kerwin Max S. Tan	P0352145A	Sept. 23, 2016 - Sept. 22, 2021	Manila
Anna Katrina C. De Leon	EC4251546	May. 25, 2015 - May. 24, 2020	DFA NCR Central
Rosalinda F. Rivera	SSS No. 33-2484959-1		

Doc No. 220;
Page No. 44;
Book No. 104;
Series of 2019

ATTY. CONCEPCION P. VILLAREÑA
Notary Public for Quezon City
Until December 31, 2019
PTR No. 7323642 – 1-03-2019/ QC
IBP No. AR14460591 – 12-17-2018/ QC
Roll No. 30457 – 05-09-80
MCLE 5-0012536 – 12-21-2015
Adm. Matter No. NP 270 (2018-2019)

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
SEC FORM 17-A

CONSOLIDATED FINANCIAL STATEMENTS

SUPPLEMENTARY SCHEDULES

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

April 3, 2019

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

The management of Robinsons Land Corporation and Subsidiaries is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2018, 2017 and for the three months ended December 31, 2016, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Lance Y. Gokongwei
Chairman

Frederick D. Go
President and Chief Executive Officer

Kerwin Max S. Tan
Chief Financial Officer

SUBSCRIBED AND SWORN to before me this day 03 APR 2019 at Q.C.

Signed this _ day of _______.
Doc. No. 326;
Page No. 66;
Book No. 104;
Series of 2019

ATTY. CONCEPCION P. VILLAREÑA
Notary Public for Quezon City
Until December 31, 2019
PTR No. 7323642 – 1-03-2019/ QC
IBP No. AR14460591 – 12-17-2018/ QC
Roll No. 30457 – 05-09-80
MCLE 5-0012536 – 12-21-2015
Adm. Matter No. NP 270 (2018-2019)

ROBINSONS LAND
CORPORATION

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

CERTIFICATE ON THE COMPILATION SERVICES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS

I hereby certify that I am the Certified Public Accountant (CPA) who performed the compilation services related to the preparation and presentation of financial information of an entity in accordance with Philippine Financial Reporting Standards for Small and Medium-sized Entities and reports as required by accounting and auditing standards for **Robinsons Land Corporation and Subsidiaries** for the year ended December 31, 2018.

In discharging this responsibility, I hereby declare that I am the VP – Group Controller of **Robinsons Land Corporation.**

Furthermore, in my compilation services for the preparation of the financial statements and notes to the financial statements, I was not assisted by or did not avail the services of **Mr. Ysmael S. Acosta** which is the external auditor who rendered the audit opinion for the said financial statements and notes to the financial statements.

I hereby declare, under penalties of perjury and violation of Republic Act No. 9298, that my statements are true and correct.

ANNA KATRINA C. DE LEON

CPA Certificate No. **0123648**
Valid Until **December 11, 2019**

Accreditation No. **1095**
Valid Until **December 11, 2019**

SUBSCRIBED AND SWORN to before me this day 03 APR 2019 at Q.C.

ATTY. CONCEPCION P. VILLAREÑA
Notary Public for Quezon City
Until December 31, 2019
PTR No. 7323642 – 1-03-2019/ QC
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Series of 2019

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BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
Robinsons Land Corporation

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Robinsons Land Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2018 and 2017 and for the three months ended December 31, 2016, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2018 and 2017 and for the three months ended December 31, 2016 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

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

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

Adoption of *PFRS 15, Revenue from Contracts with Customers*

Effective January 1, 2018, the Group adopted the new revenue recognition standard, PFRS 15, *Revenue from Contracts with Customers*, using the modified retrospective approach. The adoption of PFRS 15 resulted in significant changes in the Group's revenue process, policies and procedures and revenue recognition accounting policy. The following matters are significant to our audit because these involve application of significant judgment and estimation: (1) identification of the contract for sale of real estate property that would meet the requirements of PFRS 15; (2) assessment of the probability that the entity will collect the consideration from the buyer; (3) determination of the transaction price; (4) determination of the satisfaction of performance obligations, whether it is over time or point in time; (5) application of the input method as the measure of progress in determining real estate revenue which qualifies for recognition over time; (6) determination of the actual costs incurred as cost of sales; and (7) recognition of cost to obtain a contract.

The Group identifies the contract to sell as the contract that meets all the criteria required under PFRS 15 for a valid revenue contract.

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

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

In determining whether the Group satisfies the performance obligation over time or at a point in time, the Group considers when the control has been transferred to the buyers, particularly, if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. An asset created by the Group's performance does not have an alternative use to the Group if the Group is either restricted contractually from readily directing the asset for another use during the creation or enhancement of that asset or limited practically from readily directing the asset in its completed state for another use. The Group considers the terms of the contract, as well as any laws that apply to the contract, when evaluating whether it has an enforceable right to payment for performance completed to date. In assessing whether it has a right to payment for performance completed to date, the Group considers whether it would have an enforceable right to demand or retain payment for performance completed to date if the contract were to be terminated before completion for reasons other than the Group's failure to perform as promised. An amount that would compensate the Group for performance completed to date would be an amount that approximates the selling price of the goods or services transferred to date.

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

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

The Group identifies sales commission after contract inception as the cost of obtaining the contract. For contracts which qualified for revenue recognition, the Group capitalizes the total sales commission due to sales agent as cost to obtain contract and recognizes the related commission payable. The Group uses percentage of completion (POC) method in amortizing sales commission for those related to real estate revenue recognized over time.

The adoption of PFRS 15 resulted to transition adjustments resulting to an increase in the opening balance of retained earnings of ₱84 million as of January 1, 2018. The disclosures related to the adoption of PFRS 15 are included in Note 3 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's revenue recognition process, including the process of implementing the new revenue recognition standard. We reviewed the PFRS 15 adoption papers and accounting policies prepared by management, including revenue streams identification and scoping, and contract analysis.

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

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

For the determination whether the Group satisfies the performance obligation over time or at a point in time in relation to its real estate revenue, we reviewed and considered the terms in the contract to sell of the Group. For selected contracts, we assessed if the promised property is specifically identified in the contract to sell and whether the buyer can enforce its rights to the promised property if the Group seeks to sell the unit to another buyer to determine whether the Group creates an asset that does not have an alternative use to the Group. We also assessed if the Group has an enforceable right to demand or retain payment for performance completed to date by checking the provisions related to payment, including relevant laws that apply to the contract to sell.

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

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

We test computed the transition adjustments and evaluated the disclosures made in the financial statements on the adoption of PFRS 15.

Adoption of *PFRS 9, Financial Instruments*

On January 1, 2018, the Group adopted PFRS 9, *Financial Instruments*. PFRS 9, which replaced Philippine Accounting Standards (PAS) 39, *Financial Instruments: Recognition and Measurement*, provides revised principles for classifying financial assets and introduces a forward-looking expected credit loss model to assess impairment on debt financial assets not measured at fair value through profit or loss and loan commitments and financial guarantee contracts. The Group adopted the modified retrospective approach in adopting PFRS 9.

Classification of Financial Assets

As at January 1, 2018 (the transition date), the Group classified its financial assets based on its business models for managing these financial assets and the contractual cash flow characteristics of the financial assets. This resulted to a reclassification of receivables from lease-to-own arrangements from loans and receivables to financial assets at fair value through other comprehensive income and to transition adjustments that increased other comprehensive income by ₱15 million. Thereafter, the financial assets were accounted for based on the transition date classification, while newly originated or acquired financial assets were also classified based on the PFRS 9 classification criteria.

The Group's application of the PFRS 9 classification criteria is significant to our audit as the classification determines how financial assets are measured and accounted for in the financial statements.

The disclosures in relation to the adoption of the PFRS 9 classification criteria are included in Note 3 to the financial statements.

Audit Response

We obtained an understanding of the Group's contracts review process to establish the contractual cash flow characteristics of financial assets, including the identification of standard and non-standard contracts, and reviewed the assessment made by management by inspecting underlying contracts on a sample basis. We obtained the approved business models for the Group's portfolios of financial assets. We compared the parameters set within the business models with the investment/risk management policies of the Group. For significant portfolios such as receivables from lease-to-own arrangements, we assessed frequency and relative amount of sales in the past, understood how the business performance is measured and evaluated performance measurement reports.

We test computed the transition adjustments and evaluated the disclosures on the adoption of the PFRS 9 classification criteria made in the financial statements.

Expected Credit Loss (ECL)

The Group's adoption of the ECL model is significant to our audit as it involves the exercise of significant management judgment and estimation. Key areas of judgment include: segmenting the Group's credit risk exposures; defining what comprises default; determining assumptions to be used in the ECL model such as timing and amount of expected net recoveries from defaulted accounts; and incorporating forward-looking information (called overlays) in calculating ECL.

There is no transition adjustment in relation to the impairment allowance as of January 1, 2018. Refer to Note 3 to the consolidated financial statements for the disclosures in relation to the adoption of the PFRS 9 ECL model.

Audit Response

We obtained an understanding of the approved methodologies and models used for the Group's different credit exposures and assessed whether these considered the requirements of PFRS 9 to reflect an unbiased and probability-weighted outcome, the time value of money and, the best available forward-looking information. We also inspected and considered the results of PFRS 9 model validation performed by management's specialist.

We (a) assessed the Group's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) compared the definition of default against historical analysis of accounts and credit risk management policies and practices in place; (c) checked the methodology used in applying the simplified approach by evaluating the key inputs, assumptions, and formulas used; (d) tested loss rates by inspecting historical recoveries including the timing, related direct costs, and write-offs; (e) evaluated the forward-looking information used for overlay through statistical test and corroboration using publicly available information and our understanding of the Group's receivable portfolios and industry practices; and (f) tested the effective interest rate, or an approximation thereof, used in discounting the expected loss.

Further, we checked the data used in the ECL models, such as the historical analysis of defaults and recovery data, by reconciling data from source system reports to the data warehouse and from the data warehouse to the loss allowance analysis/models and financial reporting systems. To the extent that the loss allowance analysis is based on credit exposures that have been disaggregated into subsets with similar risk characteristics, we traced or re-performed the disaggregation from source systems to the loss allowance analysis. We also assessed the assumptions used where there are missing or insufficient data.

We recalculated impairment provisions on a sample basis. We test computed the transition adjustments and evaluated the disclosures made in the financial statements on allowance for credit losses using the ECL model.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2018, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2018 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SYCIP GORRES VELAYO & CO.

Ysmael S. Acosta
Partner
CPA Certificate No. 0112825
SEC Accreditaton No. 1744-A (Group A),
March 14, 2019, valid until March 13, 2022
Tax Identification No. 301-106-775
BIR Accreditation No. 08-001998-130-2018,
February 9, 2018, valid until February 8, 2021
PTR No. 7332516, January 3, 2019, Makati City

April 3, 2019

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2018	2017 (As restated - Note 2)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 7, 20, 22, 33 and 34)	**₱2,543,840,827**	₱2,075,454,523
Receivables (Notes 8, 22, 33 and 34)	**2,126,490,290**	5,565,058,271
Subdivision land, condominium and residential units for sale (Note 9)	**31,464,454,298**	28,854,049,360
Contract assets (Notes 10 and 22)	**5,088,356,660**	–
Other current assets (Notes 11, 33 and 34)	**11,736,262,913**	4,247,739,095
Total Current Assets	**52,959,404,988**	40,742,301,249
Noncurrent Assets		
Noncurrent receivables (Notes 8, 22, 33 and 34)	**1,432,956,759**	3,775,948,572
Noncurrent contract assets (Notes 10 and 22)	**6,444,995,326**	–
Investment properties (Note 12)	**99,317,095,827**	92,153,768,070
Property and equipment (Note 13)	**7,844,144,072**	6,692,358,405
Investments in joint venture (Note 32)	**1,383,353,670**	–
Other noncurrent assets (Notes 14, 33 and 34)	**4,776,209,643**	4,762,171,506
Total Noncurrent Assets	**121,198,755,297**	107,384,246,553
	₱174,158,160,285	₱148,126,547,802
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term loans (Notes 18, 33 and 34)	**₱896,700,000**	₱15,693,400,000
Accounts payable and accrued expenses (Notes 15, 33 and 34)	**14,324,566,708**	13,883,446,747
Contract liabilities (Note 16 and 22)	**12,931,513,843**	–
Deposits and other current liabilities (Notes 17, 22, 33 and 34)	**2,904,239,770**	3,783,534,816
Income tax payable	**1,037,345,923**	539,028,037
Current portion of loans payable (Note 18)	**15,000,000**	15,000,000
Total Current Liabilities	**32,109,366,244**	33,914,409,600
Noncurrent Liabilities		
Loans payable - net of current portion (Notes 18, 33 and 34)	**36,473,539,001**	35,646,162,154
Deferred tax liabilities - net (Note 29)	**3,580,648,835**	2,865,190,187
Noncurrent contract liabilities (Note 16)	**2,378,690,953**	–
Deposits and other noncurrent liabilities (Note 19)	**5,696,198,747**	8,328,168,101
Total Noncurrent Liabilities	**48,129,077,536**	46,839,520,442
Total Liabilities	**80,238,443,780**	80,753,930,042
Equity		
Equity attributable to equity holders of the Parent Company		
Capital stock (Note 21)	**5,193,830,685**	4,111,528,685
Additional paid-in capital	**39,041,328,236**	20,392,532,781
Treasury stock (Note 21)	**–**	(221,834,657)
Other equity reserve (Note 21)	**(87,597,873)**	(87,597,873)
Other comprehensive income:		
Remeasurements of net defined benefit liability - net of tax (Note 31)	**(36,195,795)**	(63,719,597)
Fair value reserve of financial assets at FVOCI - net of tax (Note 34)	**8,822,352**	–
Cumulative translation adjustment	**74,843,981**	75,409,464
Retained earnings (Note 20)		
Unappropriated	**22,315,570,513**	18,385,021,808
Appropriated	**27,000,000,000**	24,500,000,000
	93,510,602,099	67,091,340,611
Non-controlling interest	**409,114,406**	281,277,149
	93,919,716,505	67,372,617,760
	₱174,158,160,285	₱148,126,547,802

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 AND FOR THE THREE MONTHS ENDED DECEMBER 31, 2016

	December 31,		
	2018 (One year)	**2017 (One year)**	2016 (Three months, see Note 2)
REVENUE (Note 6 and 23)			
Real Estate Operations			
Rental income (Notes 12 and 23)	**₱13,548,204,208**	₱11,581,560,401	₱2,718,339,596
Real estate sales (Notes 5 and 23)	**10,853,067,524**	5,973,248,023	1,472,300,349
Amusement income (Note 23)	**1,972,527,785**	1,802,643,181	431,783,166
Others (Note 23)	**1,189,376,460**	1,266,492,267	575,454,463
	27,563,175,977	20,623,943,872	5,197,877,574
Hotel Operations (Note 23)	**1,982,137,914**	1,892,873,758	496,892,214
	29,545,313,891	22,516,817,630	5,694,769,788
COSTS (Note 6 and 24)			
Real Estate Operations			
Cost of rental services	**5,072,692,446**	4,499,595,017	1,168,382,997
Cost of real estate sales (Notes 5 and 9)	**4,931,427,825**	3,143,037,387	1,072,837,533
Cost of amusement services	**906,006,116**	820,824,802	195,593,971
Others	**1,201,585,102**	812,417,065	111,686,938
	12,111,711,489	9,275,874,271	2,548,501,439
Hotel Operations (Note 24)	**1,556,880,775**	1,350,512,369	333,323,139
	13,668,592,264	10,626,386,640	2,881,824,578
	15,876,721,627	11,890,430,990	2,812,945,210
GENERAL AND ADMINISTRATIVE EXPENSES (Notes 6 and 25)	**3,996,352,869**	3,328,016,547	794,064,752
OPERATING INCOME	**11,880,368,758**	8,562,414,443	2,018,880,458
OTHER INCOME (LOSSES)			
Interest income (Note 7 and 28)	**196,286,629**	36,809,915	7,286,604
Gain on sale of property and equipment	**3,361,606**	–	–
Gain from insurance claims	**22,985,311**	28,397,634	130,020
Gain (loss) on foreign exchange	**2,290,232**	(14,019,285)	(1,404,592)
Interest expense and finance charges (Notes 18 and 28)	**(836,112,262)**	(778,194,869)	(384,139,651)
Equity in net loss of joint ventures (Note 32)	**(26,148,678)**	–	–
	(637,337,162)	(727,006,605)	(378,127,619)
INCOME BEFORE INCOME TAX	**11,243,031,596**	7,835,407,838	1,640,752,839
PROVISION FOR INCOME TAX (Note 29)	**3,019,067,011**	1,950,969,881	385,752,870
NET INCOME	**8,223,964,585**	5,884,437,957	1,254,999,969
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods			
Cumulative translation adjustment	**(565,483)**	39,079,980	(5,750,284)
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods			
Remeasurements of net defined benefit liability (Note 31)	**39,319,717**	96,533,340	(20,806,359)
Fair value reserve of financial assets at FVOCI (Note 8)	**(9,064,944)**	–	–
Income tax effect (Note 29)	**(9,076,432)**	(28,960,002)	6,241,908
	21,178,341	67,573,338	(14,564,451)
Total Other Comprehensive Income (Loss)	**20,612,858**	106,653,318	(20,314,735)
TOTAL COMPREHENSIVE INCOME	**₱8,244,577,443**	₱5,991,091,275	₱1,234,685,234

(Forward)

	December 31,		
	2018 (One year)	2017 (One year)	2016 (Three months, see Note 2)
Net Income Attributable to:			
Equity holders of Parent Company	**₱8,216,002,328**	₱5,881,150,728	₱1,254,917,783
Non-controlling interest in consolidated subsidiaries	**7,962,257**	3,287,229	82,186
	₱8,223,964,585	₱5,884,437,957	₱1,254,999,969
Total Comprehensive Income Attributable to:			
Equity holders of Parent Company	**₱8,236,615,186**	₱5,987,804,046	₱1,234,603,048
Non-controlling interest in consolidated subsidiaries	**7,962,257**	3,287,229	82,186
	₱8,244,577,443	₱5,991,091,275	₱1,234,685,234
Basic/Diluted Earnings Per Share (Note 30)	**₱1.62**	₱1.44	₱0.31

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 AND FOR THE THREE MONTHS ENDED DECEMBER 31, 2016

	For the Year Ended December 31, 2018											
	Attributable to Equity Holders of the Parent Company											
	Capital Stock (Note 21)	**Additional Paid-in Capital** (Note 21)	**Treasury Stock** (Note 21)	**Other Equity Reserve** (Note 21)	**Remeasurements of Net Defined Benefit Liability** (Note 31)	**Cumulative Translation Adjustment**	**Fair value reserve of financial assets at FVOCI** (Note 3)	**Unappropriated Retained Earnings** (Note 20)	**Appropriated Retained Earnings** (Note 20)	**Total**	**Non-controlling Interest**	**Total Equity**
Balances at January 1, 2018, as previously reported	**₱4,111,528,685**	**₱20,392,532,781**	**(₱221,834,657)**	**(₱87,597,873)**	**(₱63,719,597)**	**₱75,409,464**	**₱–**	**₱18,385,021,808**	**₱24,500,000,000**	**₱67,091,340,611**	**₱281,277,149**	**₱67,372,617,760**
Effect of adoption of new accounting standard (Note 3)	–	–	–	–	–	–	**15,167,813**	**84,325,424**	–	**99,493,237**	–	**99,493,237**
Balances at January 1, 2018, as restated	**4,111,528,685**	**20,392,532,781**	**(221,834,657)**	**(87,597,873)**	**(63,719,597)**	**75,409,464**	**15,167,813**	**18,469,347,232**	**24,500,000,000**	**67,190,833,848**	**281,277,149**	**67,472,110,997**
Comprehensive income												
Net income	–	–	–	–	–	–		**8,216,002,328**	–	**8,216,002,328**	**7,962,257**	**8,223,964,585**
Other comprehensive income, net of tax	–	–	–	–	**27,523,802**	**(565,483)**	**(6,345,461)**	–	–	**20,612,858**	–	**20,612,858**
Total comprehensive income	–	–	–	–	**27,523,802**	**(565,483)**	**(6,345,461)**	**8,216,002,328**	–	**8,236,615,186**	**7,962,257**	**8,244,577,443**
Reversal of appropriation (Note 20)	–	–	–	–	–	–		**24,500,000,000**	**(24,500,000,000)**	–	–	–
Appropriation (Note 20)	–	–	–	–	–	–		**(27,000,000,000)**	**27,000,000,000**	–	–	–
Cash dividends (Note 20)	–	–	–	–	–	–		**(1,869,779,047)**	–	**(1,869,779,047)**	–	**(1,869,779,047)**
Issuance of capital stock (Note 21)	**1,082,302,000**	**18,648,795,455**	**221,834,657**	–	–	–		–	–	**19,952,932,112**	–	**19,952,932,112**
Acquisition of non-controlling interest	–	–	–	–	–	–		–	–	–	**120,000,000**	**120,000,000**
Sale of investment in subsidiary	–	–	–	–	–	–		–	–	–	**(125,000)**	**(125,000)**
Balances at December 31, 2018	**₱5,193,830,685**	**₱39,041,328,236**	**₱–**	**(₱87,597,873)**	**(₱36,195,795)**	**₱74,843,981**	**8,822,352**	**₱22,315,570,513**	**₱27,000,000,000**	**₱93,510,602,099**	**₱409,114,406**	**₱93,919,716,505**

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

	For the Year Ended December 31, 2016										
	Attributable to Equity Holders of the Parent Company										
	Capital Stock	Additional Paid-in Capital	Treasury Stock	Other Equity Reserve	Remeasurements of Net Defined Benefit Liability	Cumulative Translation Adjustment	Unappropriated Retained Earnings	Appropriated Retained Earnings	Total	Non-controlling Interest	Total Equity
Balances at October 1, 2016	₱4,111,528,685	₱20,392,532,781	(₱221,834,657)	(₱87,597,873)	(₱116,728,484)	₱42,079,768	₱21,222,732,343	₱16,000,000,000	₱61,342,712,563	₱130,319,734	₱61,473,032,297
Comprehensive income											
Net income	–	–	–	–	–	–	1,254,917,783	–	1,254,917,783	82,186	1,254,999,969
Other comprehensive loss	–	–	–	–	(14,564,451)	(5,750,284)	–	–	(20,314,735)	–	(20,314,735)
Total comprehensive income	–	–	–	–	(14,564,451)	(5,750,284)	1,254,917,783	–	1,234,603,048	82,186	1,234,685,234
Issuance of capital stock	–	–	–	–	–	–	–	–	–	147,588,000	147,588,000
Balances at December 31, 2016	₱4,111,528,685	₱20,392,532,781	(₱221,834,657)	(₱87,597,873)	(₱131,292,935)	₱36,329,484	₱22,477,650,126	₱16,000,000,000	₱62,577,315,611	₱277,989,920	₱62,855,305,531

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
AND FOR THE THREE MONTHS ENDED DECEMBER 31, 2016

	December 31,		
	2018 (One year)	2017 (One year, As restated - Note 2)	2016 (Three months, As restated - Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱11,243,031,596**	₱7,835,407,838	₱1,640,752,839
Adjustments for:			
Depreciation (Notes 12, 13, 24 and 26)	**4,456,732,645**	3,914,114,101	1,010,020,925
Interest expense and finance charges (Notes 18 and 28)	**836,112,262**	778,194,869	384,139,651
Accretion expense on security deposits (Notes 17 and 24)	**72,906,097**	56,147,861	21,327,753
Net movement in pension liabilities (Note 31)	**27,988,636**	38,986,245	10,962,639
Equity in net loss of joint ventures (Note 32)	**26,148,678**	–	–
Interest income (Notes 7 and 28)	**(1,138,588,624)**	(1,751,369,198)	(175,623,025)
Gain on sale of property and equipment (Note 13)	**(3,361,606)**	–	–
Operating income before working capital changes	**15,520,969,684**	10,871,481,716	2,891,580,782
Decrease (increase) in:			
Receivables - trade	**(5,585,120,862)**	(660,448,292)	464,207,718
Subdivision land, condominium and residential units for sale (inclusive of capitalized borrowing cost)	**(936,663,342)**	(1,705,159,967)	(139,739,329)
Other current assets	**(7,413,440,340)**	(986,266,081)	(128,405,195)
Increase (decrease) in:			
Accounts payable and accrued expenses and other noncurrent liabilities	**(1,255,001,726)**	6,611,699,733	1,108,405,097
Customers' deposits	**13,822,253,016**	634,837,173	(291,349,521)
Cash generated from operations	**14,152,996,430**	14,766,144,282	3,904,699,552
Interest received from installment contract receivables (Note 23)	**942,301,995**	1,714,559,283	168,336,421
Income tax paid	**(1,805,290,477)**	(2,081,859,182)	(304,148,434)
Net cash flows provided by operating activities	**13,290,007,948**	14,398,844,383	3,768,887,539
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received from cash and short-term investments	**77,230,423**	18,441,353	7,254,230
Decrease (increase) in:			
Receivables from affiliated companies (Notes 8 and 22)	**(184,215,751)**	(5,276,611)	(581,814)
Advances to suppliers and contractors (Notes 11 and 14)	**57,145,969**	522,468,189	(188,256,343)
Other noncurrent assets	**86,550,417**	(301,116,636)	(10,095,285)
Advances to lot owners (Notes 11 and 14)	**(1,603,678,636)**	(681,303,655)	(1,310,732,053)
Additions to:			
Investment properties and (inclusive of capitalized borrowing cost) (Note 12)	**(11,479,665,291)**	(22,110,417,355)	(2,694,665,019)
Property and equipment (Note 13)	**(1,965,253,586)**	(1,898,020,108)	(524,097,050)
Investments in joint ventures (Note 32)	**(2,400,000,000)**	–	–
Proceeds from:			
Noncontrolling interest for newly incorporated subsidiary	**120,000,000**	–	–
Disposal of property and equipment	**3,361,606**	–	–
Disposal of investment in subsidiary	**56,079,593**	–	–
Noncontrolling interest for increase in capital stock	**–**	–	147,588,000
Net cash flows used in investing activities	**(17,232,445,256)**	(24,455,224,823)	(4,573,585,334)

(Forward)

	December 31,		
	2018 (One year)	2017 (One year As restated - Note 2)	2016 (Three months, see Note 2)
CASH FLOWS FROM FINANCING ACTIVITIES (Note 37)			
Proceeds from availment of:			
Stock rights offering	**₱20,020,000,000**	₱–	₱–
Loans payable (Note 18)	**1,192,801,668**	12,340,263,710	–
Sale of lease-to-own receivables	**1,135,920,631**	901,570,286	
Short-term loans (Note 18)	**896,700,000**	15,693,400,000	16,010,000,000
Payments of:			
Short-term loans (Note 18)	**(15,693,400,000)**	(16,010,000,000)	(4,039,100,000)
Cash dividends (Notes 15 and 20)	**(1,867,464,936)**	(1,448,810,138)	–
Interest and finance charges	**(853,111,456)**	(764,240,887)	(206,797,257)
Loans payable (Note 18)	**(396,938,050)**	(10,000,000)	(10,000,000,000)
Stock issuance cost (Note 21)	**(67,067,888)**	–	–
Debt issue cost (Note 18)	–	(57,500,000)	–
Increase (decrease) in payable to affiliated companies and other noncurrent liabilities (Note 17)	**43,383,643**	50,941,415	(672,359,319)
Net cash flows provided by financing activities	**4,410,823,612**	10,695,624,386	1,091,743,424
NET INCREASE IN CASH AND CASH EQUIVALENTS	**468,386,304**	639,243,946	287,045,629
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**2,075,454,523**	1,436,210,577	1,149,164,948
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱2,543,840,827**	₱2,075,454,523	₱1,436,210,577

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Robinsons Land Corporation (the Parent Company) is a stock corporation organized and incorporated on June 4, 1980 with a corporate life of 50 years under the laws of the Philippines. The Parent Company and its subsidiaries are collectively referred herein as “the Group”.

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

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

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

On May 10, 2016, the Board of Directors approved the change of Parent Company’s reporting period from fiscal year ending September 30 to calendar year ending December 31.

On July 18, 2016, the Parent Company filed its Amended By-Laws with SEC, amending the Parent Company’s year end from fiscal year ending September 30 to calendar year ending December 31 and the said amendments were approved by the SEC on the same day.

On August 1, 2016, the BIR issued a certificate granting the Parent Company the change in accounting period.

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

The consolidated financial statements as of December 31, 2018 and 2017 and for the years ended December 31, 2018 and 2017 and for the three months ended December 31, 2016 were authorized for issue by the Parent Company’s Board of Directors (BOD) on April 3, 2019.

2. Basis of Preparation

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

The Group’s short period financial statements for the three months ended December 31, 2016 were prepared pursuant to the Parent Company’s change in accounting period from fiscal year ended September 30 to calendar year ended December 31 (see Note 1).

The amounts presented in the consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows and related notes to consolidated financial statements are for three months and accordingly, are not comparable to the consolidated financial statements for the years ended December 31, 2018 and 2017.

Statement of Compliance

The accompanying consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group as of December 31, 2018 and 2017 and for the years ended December 31, 2018 and 2017 and for the three months ended December 31, 2016.

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 December 31, 2018, 2017 and 2016:

	Country of Incorporation	Effective Percentage of Ownership		
		2018	**2017**	**2016**
Robinson's Inn Inc.	Philippines	**100%**	**100%**	**100%**
Robinsons Realty and Management Corp.	Philippines	**100%**	**100%**	**100%**
Robinsons Properties Marketing and Management Corp.	Philippines	**100%**	**100%**	**100%**
Manhattan Buildings and Management Corp.	Philippines	**100%**	**100%**	**100%**
Robinson's Land (Cayman), Ltd.	Cayman Islands	**100%**	**100%**	**100%**
Altus San Nicolas Corporation (ASNC)	Philippines	**100%**	**100%**	**100%**
Altus Mall Ventures, Inc.	Philippines	**100%**	**100%**	**100%**
Bonifacio Property Ventures,Inc.	Philippines	**100%**	–	–
Bacoor R and F Land Corporation (BRFLC)	Philippines	**70%**	–	–
Altus Angeles, Inc. (AAI)	Philippines	**51%**	**51%**	**51%**
GoHotels Davao, Inc. (GDI)	Philippines	**51%**	**51%**	**51%**
RLC Resources Ltd.	British Virgin Island	**100%**	**100%**	**100%**
Land Century Holdings Ltd.	Hong Kong	**100%**	**100%**	**100%**
World Century Enterprise Ltd.	Hong Kong	**100%**	**100%**	**100%**
First Capital Development Ltd. (First Capital)	Hong Kong	**100%**	**100%**	**100%**
Chengdu Xin Yao Real Estate Development, Co. Ltd. (Chengdu Xin Yao)	China	**100%**	**100%**	**100%**
Lingkod Pinoy Bus Liner, Inc. (LPBLI)	Philippines	**–**	**80%**	**80%**

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

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

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

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

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

On December 21, 2018, Bonifacio Property Ventures, Inc. (BPVI) was incorporated for the primary purpose to acquire by purchase, lease, donation or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop and hold for investment or otherwise, real estate of all kinds, whether improve, manage or otherwise dispose of buildings, houses, apartments and other real estate and/or structures of whatever kind, together with their appurtenances. The Parent Company owns 100% of the subscribed capital stock of BPVI.

Voting rights held by non-controlling interest on AAI, GDI and BRFLC is equivalent to 49%, 49% and 30%, respectively. As of December 31, 2018 and 2017, the Group does not consider these subsidiaries as having material non-controlling interest that would require additional disclosures.

3. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of following new and amended PFRSs which became effective January 1, 2018.

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

- PFRS 15, *Revenue from Contracts with Customers*

  PFRS 15 supersedes PAS 11, *Construction Contracts*, PAS 18, *Revenue* and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. PFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

  PFRS 15 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

On February 14, 2018, the Philippine Interpretations Committee (PIC) issued PIC Q&A 2018-12 (PIC Q&A) which provides guidance on some implementation issues of PFRS 15 affecting the real estate industry. On October 25, 2018 and February 8, 2019, the SEC issued SEC Memorandum Circular No. 14 Series of 2018 and SEC Memorandum Circular No. 3 Series of 2019, respectively, providing relief to the real estate industry by deferring the application of the following provisions of the above PIC Q&A for a period of three years until December 31, 2020:

a) Exclusion of land and uninstalled materials in the determination of percentage of completion (POC) discussed in PIC Q&A No. 2018-12-E
b) Accounting for significant financing component discussed in PIC Q&A No. 2018-12-D
c) Accounting for Common Usage Service Area (CUSA) Charges discussed in PIC Q&A No. 2018-12-H

Under the same SEC Memorandum Circular No. 3 Series of 2019, the adoption of PIC Q&A No. 2018-14: PFRS 15 – Accounting for Cancellation of Real Estate Sales was also deferred until December 31, 2020.

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

Except for the CUSA charges discussed under PIC Q&A No. 2018-12-H which applies to leasing transactions, the above deferral will only be applicable for real estate sales transactions.

Effective January 1, 2021, real estate companies will adopt PIC Q&A No. 2018-12 and PIC Q&A No. 2018-14 and any subsequent amendments thereof retrospectively or as the SEC will later prescribe.

As the Group already excludes land and uninstalled materials in the determination of POC, it availed of the deferral of adoption of provisions (b) and (c) of PIC Q&As. Had these provisions been adopted, it would have the following impact in the consolidated financial statements:

- The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments explicit in the contract to sell would constitute a significant financing component. Interest income would have been recognized for contract assets and interest expense for contract liabilities using effective interest rate method and this would have impacted retained earnings as at January 1, 2018 and the revenue from real estate sales in 2018. Currently, any significant financing component arising from the mismatch discussed above is not considered for revenue recognition purposes.
- The Group is acting as a principal for the provision of air-conditioning services. This would have resulted to the gross presentation of the related revenue and the related expenses and cost. Currently, the related revenue is presented net of costs and expenses. These would not result to any adjustment in the retained earnings as of January 1, 2018 and net income for 2018.

- Upon sales cancellation, the repossessed inventory would be recorded at fair value plus cost to repossess (or fair value less cost to repossess if this would have been opted). This would have increased retained earnings as at January 1, 2018 and gain from repossession in 2018. Currently, the Group records the repossessed inventory at its original carrying amount and recognize any difference between the carrying amount of the derecognized receivable and the repossessed property in profit or loss.

The Group adopted PFRS 15 using the modified retrospective method of adoption with the date of initial application of January 1, 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all contracts as at January 1, 2018.

The cumulative effect of initially applying PFRS 15 is recognized at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under PAS 11, PAS 18 and related Interpretations.

The effect of adopting PFRS 15 as at January 1, 2018, was as follows:

	As previously reported December 31, 2017	Reference	Adjustment	As restated January 1, 2018
Receivables				
Current	₱5,565,058,271	(a)	(3,788,065,844)	1,776,992,427
Noncurrent	3,775,948,572	(a)	(3,067,877,090)	708,071,482
Contract assets				
Current	–	(a)	₱3,788,065,844	₱3,788,065,844
Noncurrent	–	(a)	3,067,877,090	3,067,877,090
Contract liabilities				
Current	–	(a)	1,204,355,371	1,204,355,371
Noncurrent	–	(a)	1,220,643,793	1,220,643,793
Deposits and other current liabilities	3,783,534,816	(a)	(1,204,355,371)	2,579,179,445
Deposits and other noncurrent liabilities	8,328,168,101	(a)	(1,220,643,793)	7,107,524,308
Commission expense				
Cost to obtain contract	–	(b)	353,719,012	353,719,012
Commissions payable	–	(b)	269,393,588	269,393,588

Set out below, are the amounts by which each financial statement line item is affected as at and for the year ended December 31, 2018 as a result of the adoption of PFRS 15. The adoption of PFRS 15 did not have a material impact on the Group's consolidated statement of cash flows. The first column shows amounts prepared under PFRS 15 and the second column shows what the amounts would have been had PFRS 15 not been adopted:

Consolidated statement of financial position as of December 31, 2018

		Amounts prepared under		
	Reference	**PFRS 15**	Previous PFRS	Increase (Decrease)
ASSETS				
Current Assets				
Receivables (Notes 8, 22, 33 and 34)	(a)	**₱2,126,490,290**	₱7,214,846,950	(₱5,088,356,660)
Contract assets	(a)	**5,088,356,660**	–	5,088,356,660
Other current assets	(b)	**283,276,407**	–	283,276,407
Total Current Assets		**7,498,123,357**	7,214,846,950	283,276,407
Noncurrent Assets				
Noncurrent receivables (Notes 8, 22, 33 and 34)	(a)	**1,432,956,759**	7,877,952,085	(6,444,995,326)
Noncurrent contract asset	(a)	**6,444,995,326**	–	6,444,995,326
Total Noncurrent Assets		**7,877,952,085**	7,877,952,085	–
Total Assets		**₱15,376,075,442**	₱15,092,799,035	₱283,276,407
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable and accrued expenses	(b)	**₱231,632,590**	₱–	₱231,632,590
Deposits and other current liabilities (Notes 17, 22, 33 and 34)	(a)	**2,904,239,770**	15,835,753,613	(12,931,513,843)
Contract liabilities	(a)	**12,931,513,843**	–	12,931,513,843
Total Current Liabilities		**16,067,386,203**	15,835,753,613	231,632,590
Noncurrent Liabilities				
Deposits and other noncurrent liabilities (Notes 19, 31, 33 and 34)	(a)	**5,696,198,747**	8,074,889,700	(2,378,690,953)
Noncurrent contract liabilities	(a)	**2,378,690,953**	–	2,378,690,953
Total Noncurrent Liabilities		**8,074,889,700**	8,074,889,700	–
Total Liabilities		**₱24,142,275,903**	₱23,910,643,313	₱231,632,590

(a) The adjustments as at January 1, 2018 represents the Group's recording as contract asset (instead of installment contract receivables) any excess of progress of work over the right to an amount of consideration that is unconditional. Meanwhile, the excess of collection over progress of work is recorded as contract liability.

Before the adoption of PFRS 15, contract asset is not presented separately from trade receivables while contract liabilities are presented as deposits from real estate buyers.

(b) The Group has sales agents who are responsible for the marketing and sale of its real estate projects. These real estate sales agents typically receive sales commission equivalent to a certain percentage of the total contract price, paid based on milestone of payments by the customers. These are recorded as contract cost and are fully accrued based on the total expected payment. Contract cost is amortized using the percentage of completion method consistent with the measure of progress for revenue recognition. Before PFRS 15, the sales commissions are expensed as paid and there is no accrual for the unpaid portion of the total expected payment upon entering into the contract.

The adoption resulted to increase in commission payable under "Accounts payable and accrued expenses" of ₱269 million, increase in prepaid expense under "Other current assets" of ₱353 million and increase in retained earnings of ₱84 million in the consolidated statements of financial position as of January 1, 2018.

As at December 31, 2018, the adoption increased commission payable under "Accounts payable and accrued expenses" and prepaid expense under "Other Current Assets" by ₱232 million and ₱283 million, respectively. The adoption also increased commission expense by ₱33 million for the year ended December 31, 2018.

PIC Q&A on Advances to Contractors and PIC Q&A on Land Classification

The Group adopted PIC Q&A 2018-11, Classification of Land by Real Estate Developer and PIC Q&A 2018-15, *PAS 1- Classification of Advances to Contractors in the Nature of Prepayments: Current vs. Non-current* starting January 1, 2018. The impact of adoption is applied retrospectively which resulted to the following reclassifications in the consolidated statement of financial position. These reclassifications have no impact on prior year net income, total comprehensive income, equity, total assets, total liabilities and cash flows. Accordingly, no third consolidated statement of financial position as of January 1, 2017 has been presented.

		Reclassified to (from)	
December 31, 2017	Reference	Inventories/ Current Assets	Land Held for Future Development/ Noncurrent Assets
Land held for future development	(a)	₱2,221,414,792	(₱2,221,414,792)
Advances to contractors and suppliers	(b)	(1,143,602,854)	1,143,602,854
Advances to lot owners	(c)	(1,218,370,132)	1,218,370,132

		Reclassified to (from)	
January 1, 2017	Reference	Inventories/ Current Assets	Land Held for Future Development/ Noncurrent Assets
Land held for future development	(a)	₱2,310,382,571	(₱2,310,382,571)
Advances to contractors and suppliers	(b)	(1,579,225,818)	1,579,225,818
Advances to lot owners	(c)	(1,019,856,796)	1,019,856,796

a) Land held for future development previously presented as non-current asset includes land which the BOD has previously approved to be developed into residential development for sale. Before the adoption of PIC Q&A 2018-11, the classification was based on the Group's timing to start the development of the property. This was reclassified under inventories in the consolidated statement of financial position. Land with undetermined future use was retained in investment properties (see Notes 9 and 12).

b) Advances to contractors and suppliers previously presented under current assets, representing prepayments for the construction of investment property was reclassified to noncurrent asset. Before the adoption of PIC Q&A 2018-15, the classification of the Group is based on the timing of application of these advances against billings and timing of delivery of goods and services. This interpretation aims to classify the prepayment based on the actual realization of such advances based on the determined usage/realization of the asset to which it is intended for (e.g. inventory, investment property, property plant and equipment) (see Notes 11 and 14).

c) Advances to lot owners previously presented under current assets consist of advance payments to land owners which will be applied against the costs of the real properties that will be acquired. Before the adoption of PIC Q&A 2018-15, the classification of the Group is based on the timing of the application of these advances which is expected to be within twelve (12) months after the reporting date. This interpretation aims to classify the prepayment based on the actual realization of such advances based on the determined usage/realization of the asset to which it is intended for (e.g. inventory, investment property).

- PFRS 9, *Financial Instruments*

  PFRS 9 replaces PAS 39, *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after January 1, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

  The Group applied PFRS 9 using modified retrospective approach, with an initial application date of January 1, 2018. The Group has not restated the comparative information, which continues to be reported under PAS 39. Differences arising from the adoption of PFRS 9 have been recognized directly in retained earnings and other components of equity.

  The effect of adopting PFRS 9 as at 1 January 2018 was, as follows:

(a) Classification and measurement
Under PFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's business model was made as of the date of initial application, January 1, 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of PFRS 9 did not have a significant impact to the Group. The Group continued measuring at fair value all financial assets previously held at fair value under PAS 39. Below pertains to the change in the classification of the Group's financial assets:

- Cash and cash equivalents, receivables, restricted cash – escrow included in Other current assets and refundable utility deposits previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as financial assets at amortized cost beginning January 1, 2018.
- Installment contract receivables classified as loans and receivables as at December 31, 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. As of January 1, 2018, the Parent Company has an agreement with an affiliate bank to sell the former's receivables from lease-to-own receivables on a without recourse basis through various tranches. These receivables were reclassified to financial assets at FVOCI (with recycling). The adjustment presented above includes the deferred tax implication. For the year ended December 31, 2018, the Parent Company sold a portion of its lease receivables to an affiliate bank. These receivables were reclassified from Held to collect to Held to collect and sell and valued at fair value through OCI.

In summary, upon adoption of PFRS 9, the Group had the following required or elected reclassifications as at January 1, 2018:

		PFRS 9 Measurement Categories	
PAS 39 Categories	December 31, 2017	Amortized cost	Fair value through OCI
Loans and receivables			
Cash and cash equivalents	₱2,075,454,523	₱2,075,454,523	₱–
Receivables	9,341,006,843	7,771,476,404	1,591,198,743
Refundable utility deposits	884,334,864	884,334,864	–
Restricted cash - escrow	4,257,265	4,257,265	–
	₱12,305,053,495	₱10,735,523,056	₱1,591,198,743

The classification of receivables from lease-to-own arrangements to fair value through OCI, previously from amortized cost, resulted to the recognition of fair value gain adjustment recorded in OCI as at January 1, 2018 amounting to ₱15 million (net of tax).

There were no changes to the classification and measurement of financial liabilities.

(b) Other adjustments
Other adjustments pertain to related unrealized gain on financial assets at FVOCI as of January 1, 2018, net of deferred tax liabilities, presented under the other comprehensive income of the Group. Below is the summary of the adjustments:

	As previously reported December 31, 2017	**Reference**	**Adjustment**	**As restated January 1, 2018**
Unrealized gain on financial assets at FVOCI, net of tax	₱–	(a), (b)	₱15,167,813	₱15,167,813

(c) Impairment
The adoption of PFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing PAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. PFRS 9 requires the Group to record an allowance for impairment losses for all debt financial assets not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For installment contract receivables and contract assets, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

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

In addition to life of loan loss data, primary drivers like macroeconomic indicators of qualitative factors such as forward-looking data on inflation and gross domestic product (GDP) growth rates and interest rates were added to the expected loss calculation to reach a forecast supported by both quantitative and qualitative data points.

The key inputs in the model include the Group's definition of default and historical data of three years for the origination, maturity date and default date. The Group considers an installment contracts receivable and contract assets in default when customer receives a notice of cancellation and does not continue the payments. However, in certain cases, the Group may also consider a receivable to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The probability of default is applied to the estimate of the loss arising on default which is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from the repossession of the subject real estate property, net of cash outflows. For purposes of calculating loss given default, accounts are segmented based on facility/collateral type and completion. In calculating the recovery rates, the Group considered collections of cash and/or cash from resale of real estate properties after foreclosure, net of direct costs of obtaining and selling the real estate properties after the default event such as commission, refurbishment, payment required under Maceda law and cost to complete (for incomplete units). As these are future cash flows, these are discounted back to the reporting date using the appropriate effective interest rate, usually being the original EIR or an approximation thereof.

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

For cash and cash equivalents, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from Standard and Poor's (S&P), Moody's and Fitch to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

There is no transition adjustment in relation to the impairment allowance as of January 1, 2018.

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*

  The Group has no share-based payment transaction with net settlement features for withholding tax obligations and has not made any modifications to the terms and conditions of its share-based payment transaction. Therefore, these amendments do not have any impact on the Group's consolidated financial statements

- Amendments to PFRS 4, *Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts*

  The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the new insurance contracts standard. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying PFRS 9 and an overlay approach. These amendments are not relevant to the Group.

- Amendments to PAS 28, *Investments in Associates and Joint Ventures, Measuring an Associate or Joint Venture at Fair Value (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)*

  The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. These amendments do not have any impact on the Group's consolidated financial statements.

- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*

  The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Retrospective application of the amendments is not required and is only permitted if this is possible without the use of hindsight.

  Since the Group's current practice is in line with the clarifications issued, the amendment does not have any impact on its consolidated financial statements.

- Philippine Interpretation IFRIC 22, *Foreign Currency Transactions and Advance Consideration*

  The interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transaction for each payment or receipt of advance consideration. Retrospective application of this interpretation is not required. Since the Group's current practice is in line with the clarifications issued, the amendments do not have any impact on its consolidated financial statements.

Effective beginning on or after January 1, 2019

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

  Under PFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest (SPPI) on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendments should be applied retrospectively and are effective from January 1, 2019, with earlier application permitted.

  The Group is currently assessing the impact of adopting this interpretation.

- PFRS 16, *Leases*

  PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, Leases. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of use asset.

  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. PFRS 16 also requires lessees and lessors to make more extensive disclosures than under PAS 17.

  A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

The Group is currently assessing the impact of adopting this standard.

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

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

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

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

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

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

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

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

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

  The amendments should be applied retrospectively and are effective from January 1, 2019, with early application permitted. The Group is currently assessing the impact of adopting this interpretation.

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

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

  The interpretation specifically addresses the following:

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

  An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

  The Group is currently assessing the impact of adopting this interpretation.

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

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

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

    An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted. These amendments are currently not applicable to the Group but may apply to future transactions.

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

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

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

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

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

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

  The Group is currently assessing the impact of adopting this amendment.

Effective beginning on or after January 1, 2020

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

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

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

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

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

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

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

Effective beginning on or after January 1, 2021

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

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

  - A specific adaptation for contracts with direct participation features (the variable fee approach)

  - A simplified approach (the premium allocation approach) mainly for short-duration contracts.

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

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

Deferred effectivity

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

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

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

4. Summary of Significant Accounting Policies

Revenue and Cost Recognition

Revenue Recognition effective January 1, 2018

Revenue from Contract with Customers

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other income
Other income is recognized when earned.

Costs Recognition

Cost Recognition effective January 1, 2018

Cost of Real Estate Sales

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

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

Costs and General and Administrative Expense

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

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

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

Contract Balances

Receivables

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

Contract assets

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

Contract liabilities

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

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

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

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

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

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

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

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

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

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

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

Revenue Recognition prior to January 1, 2018
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the consideration received or receivable, taking into the account contractually defined terms of payment and excluding taxes or duty.

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

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

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

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

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

Amusement income
Revenue is recognized upon rendering of services.

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

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

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

Other income
Other income is recognized when earned.

Cost Recognition prior January 1, 2018
Cost of Real Estate Sales
Cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of subdivision lots and housing units and condominium units sold before the completion of the development is determined on the basis of the acquisition cost of the land and its full development costs, which include estimated costs for future development works, as determined by the Group's in-house technical team.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Current and Noncurrent Classification

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

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

All other assets are classified as noncurrent.

A liability is current when:

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

The Group classifies all other liabilities as noncurrent.

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

Cash and Cash Equivalents

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

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

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)
This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

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

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

The Group's financial assets at amortized cost includes cash and cash equivalents, receivables (except for receivables from lease-to-own arrangements), restricted cash - escrow under other current assets and refundable utility deposits under other current and noncurrent assets.

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

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

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

The Group's debt instruments at fair value through OCI includes receivables from lease-to-own arrangements under Receivables.

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

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

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

The Group does not have non-listed equity investments.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets

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

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

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

The Group does not have financial assets at fair value through profit or loss.

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

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

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

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

Impairment of Financial Assets

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include accounts payable and accrued expenses, short-term loans, loans payables and deposits from lessees which are included under Deposits and other current liabilities and Deposits and other noncurrent liabilities.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

Gains or losses on liabilities held for trading are recognized in the consolidated statement of comprehensive income. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

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

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

This category generally applies to short-term loans and loans payables.

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

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

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

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

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

Deposits from real estate buyers
Deposits from real estate buyers represent mainly reservation fees and advance payments. These deposits will be recognized as revenues in the profit or loss as the related obligations are fulfilled to the real estate buyers. The deposits are recorded as "Deposits from real estate buyers" and reported under the "Deposits and other liabilities" account in the consolidated statement of financial position as of December 31, 2017.

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

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

Financial Instruments
Date of recognition
The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Initial recognition of financial instruments
All financial assets and financial liabilities are initially recognized at fair value. Except for financial assets and financial liabilities at FVPL, the initial measurement of financial instruments includes transaction costs. The Group classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, AFS financial assets and loans and receivables. The Group classifies its financial liabilities into financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the investments were acquired or liabilities incurred and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

'Day 1' difference
Where the transaction price in a non-active market is different to the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in the consolidated statement of comprehensive income unless it qualifies for recognition as some other type of asset or liability.
In cases where variables used is made of data which is not observable, the difference between the transaction price and model value is only recognized in the consolidated statement of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.

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

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

The Group's financial assets are of the nature of loans and receivables as of December 31, 2017.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the EIR method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of profit or loss. The losses arising from impairment are recognized in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

The Group's loans and receivables include cash and cash equivalents, receivables, restricted cash - escrow under "Other current assets" and refundable utility deposits included under "Other current assets" and "Other noncurrent assets".

Derecognition

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

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

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

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

Impairment of Financial Assets

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

Financial assets carried at amortized cost

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

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

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

<u>Financial Liabilities</u>
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and other financial liabilities, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group's financial liabilities include other financial liabilities as of December 31, 2017.

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

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

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

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

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

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

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

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

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

Value-added Tax (VAT)
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

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

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

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

	Years
Buildings	20 - 30
Building improvements	10
Land improvements	10

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

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

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

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

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

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

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

Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance, are normally charged to expenses in the period in which the costs are incurred.
In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

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

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

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

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

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

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

Impairment of Nonfinancial Assets

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

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

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

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

Borrowing costs

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

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

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

Equity

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

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

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

Treasury Stock

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

Other equity reserve

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

Income Taxes

Current income tax

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

Deferred income tax

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

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

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

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

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

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

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

Pension Expense

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

Defined benefit costs comprise the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

Group as a lessor
Leases where the Group retains substantially all the risk and benefits of ownership of the assets are classified as operating leases. Lease payments received are recognized as income in the consolidated statement of comprehensive income on a straight-line basis over the lease term. Contingent rents are recognized as revenue in the period in which they are earned. Indirect costs incurred in negotiating an operating lease are added to the carrying value of the leased asset and recognized over the lease term on the same basis as the lease income.

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

Joint Operation

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

Investments in Joint Ventures

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

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

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

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

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

Foreign currencies

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

Transactions and balances

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

Translation for consolidation

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

Earnings Per Share (EPS)

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

Operating Segment

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

Provisions

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

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

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

5. Significant Accounting Judgments and Estimates

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

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

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

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

Real estate revenue recognition upon adoption of PFRS 15

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

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

Revenue recognition method and measure of progress
For the revenue from real estate sales in the Philippines, the Group concluded that revenue is to be recognized over time because (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised

to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date.

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

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

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

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

Revenue and cost recognition effective January 1, 2018
The Group's real estate sales is recognized overtime and the percentage-of-completion is determined using input method measured principally based on total actual cost of resources consumed such as materials, labor hours expended and actual overhead incurred over the total expected project development cost. Actual costs also include incurred costs but not yet billed which are estimated by the project engineers. Expected project development costs include costs of land, land development, building costs, professional fees, depreciation of equipment directly used in the construction, payments for permits and licenses. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts, form part of total project costs on a prospective basis and is allocated between costs of sales and real estate inventories.

Real estate revenue and cost recognition from pre-selling in Chengdu Project
In July 2018, Chengdu Xin Yao secured the license to sell the condominium units in Phase 1 of its residential development in Chengdu Xin Yao Ban Bian Jie. As of December 31, 2018, the deposits received from buyers amounted to ₱8,208 million.

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

Revenue and cost recognition on real estate sales – prior to January 1, 2018
Selecting an appropriate revenue recognition method for a particular real estate sale transaction requires certain judgment based on, among others:

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

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

Definition of default and credit-impaired financial assets – effective January 1, 2018
The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria – for installment contracts receivable, the customer receives a notice of cancellation and does not continue the payments.

Qualitative criteria
The customer meets 'unlikeliness to pay' criteria, which indicates the customer is in significant financial difficulty. These are instances where:
a. The customer is experiencing financial difficulty or is insolvent
b. The customer is in breach of financial covenant(s)
c. An active market for that financial assets has disappeared because of financial difficulties
d. Concessions have been granted by the Group, for economic or contractual reasons relating to the customer's financial difficulty
e. It is becoming probable that the customer will enter bankruptcy or other financial reorganization

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

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

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

The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.
The Group has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

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

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

In addition, majority of the lease contract have lease term ranging from one year to ten years which is considered insignificant relative to the life of the asset (see Note 34).

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

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

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

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

Recognition of deferred tax assets
Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences can be utilized. Significant management estimate is required to determine the amount of deferred tax asset that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning. Deferred tax assets recognized as of December 31, 2018 and 2017 amounted to ₱874 million and ₱818 million, respectively (see Note 29).

The Group has deductible temporary difference that is available for offset against taxable income or tax payable which deferred tax asset has not been recognized. This pertains to NOLCO of subsidiaries amounting to ₱3 million as of December 31, 2018 and 2017, respectively. The related deferred tax assets amounted to ₱1 million as of December 31, 2018 and 2017 (see Note 29).

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

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

Revenue and cost recognition
The Group's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue and costs. The Group's revenue and cost from real estate where performance obligation is satisfied over time and recognized based on the percentage of completion is measured principally on the basis of the estimated completion by reference to the actual costs incurred to date over the estimated total costs of the project. For the years ended December 31, 2018 and 2017 and for the three months ended December 31, 2016, the real estate sales recognized over time amounted to ₱8,346 million, ₱5,973 million and ₱1,472 million, respectively, while the related cost of real estate sales amounted to ₱4,533 million, ₱3,143 million and ₱1,073 million, respectively.

The Group also recognized revenue when control is passed on a certain point in time. The Group's revenue and cost of real estate sales were recognized upon transfer of control to the buyer. Real estate sale pertaining to this this transaction amounted to ₱2,507 million and the related cost of sale amounted to ₱398 million as of December 31, 2018.

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

As of December 31, 2018 and 2017, the Group's subdivision land, condominium and residential units for sale amounted to ₱31,464 million and ₱28,854 million, respectively (see Note 9).

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

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

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

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

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

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

The carrying balances of the Group's depreciable assets are disclosed in Notes 12 and 13 to the consolidated financial statements.

Impairment of nonfinancial assets
The Group assesses impairment on its nonfinancial assets (i.e., land held for future development, investment properties, property and equipment, other noncurrent assets and investments in joint venture) and considers the following important indicators:
- Significant changes in asset usage;
- Significant decline in assets' market value;
- Obsolescence or physical damage of an asset;
- Significant underperformance relative to expected historical or projected future operating results; and,
- Significant negative industry or economic trends.

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

The carrying values of the Group's investment properties, property and equipment, other noncurrent assets and investments in joint venture as of December 31, 2018 and 2017 are disclosed in Notes 12, 13, 14 and 32. No impairment was recognized for the Group's nonfinancial assets.

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

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

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

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

As of December 31, 2018 and 2017, the Group's present value of defined benefit obligations is shown in Note 31.

6. Operating Segments

Business Segments

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

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

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

Cost and expenses exclude interest, taxes and depreciation.

The Group derives its revenue from the following reportable units:

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

Residential Division - develops and sells residential condominium spaces, as well as high-end 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, and development of warehouse and logistics facilities.

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

	December 31, 2018 (One Year)						
	Commercial Center Division	**Residential Division**	**Office Buildings Division**	**Hotels and Resorts Division**	**Industrial and Integrated Developments**	**Intersegment Eliminating Adjustments**	**Consolidated**
Revenue							
Segment revenue:							
Revenues from contracts with customers	**₱1,972,527,785**	**₱8,345,617,524**	**₱–**	**₱1,982,137,914**	**₱2,507,450,000**	**–**	**₱14,807,733,223**
Rental income	**9,764,937,175**	**113,115,164**	**3,535,276,772**	**–**	**134,875,097**	**–**	**13,548,204,208**
Other income	**202,813,085**	**228,860,486**	**757,721,885**	**–**	**(18,996)**	**–**	**1,189,376,460**
Intersegment revenue	**42,846,948**	**–**	**–**	**2,471,781**		**(45,318,729)**	**–**
Total Revenue	**11,983,124,993**	**8,687,593,174**	**4,292,998,657**	**1,984,609,695**	**2,642,306,101**	**(45,318,729)**	**29,545,313,891**
Costs and expenses							
Segment costs and expenses	**4,274,831,274**	**6,478,178,974**	**532,882,081**	**1,308,642,999**	**613,677,160**	**–**	**13,208,212,488**
Intersegment costs and expenses	**–**	**42,846,948**	**(5,438,907)**	**7,910,688**	**–**	**(45,318,729)**	**–**
Total Costs and expenses	**4,274,831,274**	**6,521,025,922**	**527,443,174**	**1,316,553,687**	**613,677,160**	**(45,318,729)**	**13,208,212,488**
Earnings before interest, taxes and depreciation	**7,708,293,719**	**2,166,567,252**	**3,765,555,483**	**668,056,008**	**2,028,628,941**	**–**	**16,337,101,403**
Depreciation (Notes 24 and 26)	**3,420,651,538**	**81,030,767**	**693,501,790**	**248,237,776**	**13,310,774**	**–**	**4,456,732,645**
Operating income	**₱4,287,642,181**	**₱2,085,536,485**	**₱3,072,053,693**	**₱419,818,232**	**₱2,015,318,167**	**₱–**	**₱11,880,368,758**
Assets and Liabilities							
Segment assets	**₱73,959,589,978**	**₱53,680,024,065**	**₱19,462,199,172**	**₱7,881,486,731**	**₱19,174,860,339**	**₱–**	**₱174,158,160,285**
Investment in subsidiaries - at cost	**11,486,832,946**	**–**	**–**	**25,500,000**	**780,000,000**	**(12,292,332,946)**	**–**
Total segment assets	**₱85,446,422,924**	**₱53,680,024,065**	**₱19,462,199,172**	**₱7,906,986,731**	**₱19,954,860,339**	**(₱12,292,332,946)**	**₱174,158,160,285**
Total segment liabilities	**₱49,605,728,995**	**₱20,608,010,769**	**₱3,655,455,825**	**₱1,166,561,653**	**₱5,202,686,538**	**₱–**	**₱80,238,443,780**
Other segment information:							
Capital additions (Notes 12 and 13)							**₱13,444,918,877**
Additions to subdivision land, condominium and residential units for sale (Note 9)							**₱5,868,091,167**
Cash flows from:							
Operating activities	**₱9,325,467,987**	**(₱91,578,957)**	**₱3,550,353,853**	**₱720,903,816**	**(₱215,138,751)**	**₱–**	**₱13,290,007,948**
Investing activities	**(9,838,247,513)**	**(2,710,192,203)**	**(2,493,308,706)**	**(2,217,625,037)**	**26,928,203**	**–**	**(17,232,445,256)**
Financing activities	**946,746,362**	**2,720,437,095**	**(1,046,865,599)**	**1,507,780,576**	**282,725,178**	**–**	**4,410,823,612**

	December 31, 2017 (One Year; As Restated)						
	Commercial Center Division	Residential Division	Office Buildings Division	Hotels and Resorts Division	Industrial and Integrated Developments	Intersegment Eliminating Adjustments	Consolidated
Revenue							
Segment revenue:							
Revenues from contracts with customers	₱1,802,643,181	₱5,973,248,023	₱-	₱1,892,873,758	₱-	₱–	₱9,668,764,962
Rental income	8,809,667,773	89,680,665	2,668,883,078	–	13,328,885	–	11,581,560,401
Other income	177,019,084	489,898,273	598,571,854	–	1,003,056	–	1,266,492,267
Intersegment revenue	52,219,142	–	–	1,875,627		(54,094,769)	–
Total Revenue	10,841,549,180	6,552,826,961	3,267,454,932	1,894,749,385	14,331,941	(54,094,769)	22,516,817,630
Costs and expenses							
Segment costs and expenses	3,751,872,140	4,734,196,063	337,498,332	1,169,386,910	47,335,641	–	10,040,289,086
Intersegment costs and expenses	–	52,219,142	(5,924,414)	7,800,041	–	(54,094,769)	–
Total Costs and expenses	3,751,872,140	4,786,415,205	331,573,918	1,177,186,951	47,335,641	(54,094,769)	10,040,289,086
Earnings before interest, taxes and depreciation	7,089,677,040	1,766,411,756	2,935,881,014	717,562,434	(33,003,700)	–	12,476,528,544
Depreciation (Notes 24 and 26)	3,040,446,157	62,880,399	629,271,677	181,125,459	390,409	–	3,914,114,101
Operating income	₱4,049,230,883	₱1,703,531,357	₱2,306,609,337	₱536,436,975	(₱33,394,109)	₱–	₱8,562,414,443
Assets and Liabilities							
Segment assets	₱66,493,808,490	₱40,777,979,053	₱17,909,268,241	₱5,954,062,532	₱16,991,429,486	₱–	₱148,126,547,802
Investment in subsidiaries - at cost	11,486,332,946	–	–	25,500,000		(11,511,832,946)	–
Total segment assets	₱77,980,141,436	₱40,777,979,053	₱17,909,268,241	₱5,979,562,532	₱16,991,429,486	(₱11,511,832,946)	₱148,126,547,802
Total segment liabilities	₱62,143,777,422	₱9,113,640,640	₱3,002,130,903	₱1,010,470,775	₱5,483,910,302	₱–	₱80,753,930,042
Other segment information:							
Capital additions (Notes 12 and 13)							₱24,009,878,752
Additions to subdivision land, condominium and residential units for sale (Note 9)							₱4,846,756,065
Cash flows from:							
Operating activities	₱6,078,064,085	₱666,663,039	₱3,013,552,393	₱22,614,776	₱4,617,950,090	₱–	₱14,398,844,383
Investing activities	(10,399,659,284)	(731,233,889)	(3,208,653,145)	(863,716,944)	(9,251,961,561)	–	(24,455,224,823)
Financing activities	4,677,899,180	277,349,253	195,865,811	908,008,362	4,636,501,780	–	10,695,624,386

	December 31, 2016 (Three Months)					
	Commercial Center Division	Residential Division	Office Buildings Division	Hotels and Resorts Division	Intersegment Eliminating Adjustments	Consolidated
Revenue						
Segment revenue						
Revenues from contracts with customers	₱ 431,783,166	₱1,472,300,349	₱-	₱496,892,214	₱–	₱2,400,975,729
Rental income	2,087,992,078	24,221,425	606,126,093	–	–	2,718,339,596
Other income	137,689,336	297,872,233	139,892,894	–	–	575,454,463
Intersegment revenue	9,611,510	–	2,340,322	–	(11,951,832)	–
Total Revenue	2,667,076,090	1,794,394,007	748,359,309	496,892,214	(11,951,832)	5,694,769,788
Costs and expenses						
Segment costs and expenses	832,165,422	1,517,643,403	29,785,555	286,274,025	–	2,665,868,405
Intersegment costs and expenses	1,455,389	11,205,906	(2,471,010)	1,761,547	(11,951,832)	–
Total Costs and expenses	833,620,811	1,528,849,309	27,314,545	288,035,572	(11,951,832)	2,665,868,405
Earnings before interest, taxes and depreciation	1,833,455,279	265,544,698	721,044,764	208,856,642	–	3,028,901,383
Depreciation (Notes 24 and 26)	800,087,879	10,389,344	152,494,588	47,049,114	–	1,010,020,925
Operating income	₱1,033,367,400	₱255,155,354	₱568,550,176	₱161,807,528	₱–	₱2,018,880,458
Assets and Liabilities						
Segment assets	₱62,041,193,665	₱44,396,733,768	₱13,689,850,239	₱4,304,380,727	₱–	₱124,432,158,399
Investment in subsidiaries - at cost	11,009,215,946	–	–	25,500,000	(11,034,715,946)	–
Total segment assets	₱73,050,409,611	₱44,396,733,768	₱13,689,850,239	₱4,329,880,727	(₱11,034,715,946)	₱124,432,158,399
Total segment liabilities	₱50,795,652,791	₱7,837,493,381	₱2,173,027,970	₱770,678,726	₱–	₱61,576,852,868
Other segment information:						
Capital additions (Notes 12 and 13)						₱3,218,762,069
Additions to subdivision land, condominium and residential units for sale (Note 9)						₱1,206,826,578
Cash flows from:						
Operating activities	₱1,113,402,908	₱969,715,502	₱1,138,646,423	₱547,122,706	₱–	₱3,768,887,539
Investing activities	(2,603,403,555)	(416,591,890)	(1,148,027,626)	(405,562,263)	–	(4,573,585,334)
Financing activities	1,661,922,878	(437,392,038)	–	(132,787,416)	–	1,091,743,424

The revenue of the Group consists of sales to domestic customers. Inter-segment revenue accounted for under PFRS arising from lease arrangements amounting ₱45 million, ₱54 million and ₱12 million for the years ended December 31, 2018 and 2017 and for the three months ended December 31, 2016, respectively, are eliminated in consolidation.

The carrying amount of assets located outside the Philippines amounted to ₱22,379 million and ₱12,414 million as of December 31, 2018 and 2017, 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 under commercial centers division include the affiliated entities (see Note 22). Rental income arising from the lease of commercial properties to affiliated companies which are not part of the Group and therefore not eliminated amounted to ₱2,787 million, ₱2,337 million and ₱609 million for the years ended December 31, 2018 and 2017 and for the three months ended December 31, 2016, respectively.

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

	December 31,		
	2018 (One year)	2017 (One year)	2016 (Three months)
EBITDA	**₱16,337,101,403**	₱12,476,528,544	₱3,028,901,383
Depreciation (Notes 24 and 26)	**(4,456,732,645)**	(3,914,114,101)	(1,010,020,925)
Other losses	**(637,337,162)**	(727,006,605)	(378,127,619)
Income before income tax	**₱11,243,031,596**	₱7,835,407,838	₱1,640,752,839

7. Cash and Cash Equivalents

	2018	2017
Cash on hand and in banks	**₱1,129,430,200**	₱1,379,275,821
Short-term investments	**1,414,410,627**	696,178,702
	₱2,543,840,827	₱2,075,454,523

Cash in banks earns annual interest at the prevailing bank deposit rates. Short-term investments are invested for varying periods of up to three months and earn interest at the prevailing short-term investment rates ranging from 0.20% to 3.90%, 1.25% to 3.0% and 0.3% to 1.2% for the years ended December 31, 2018, 2017 and for the three months ended December 31, 2016, respectively.

Interest earned from cash in banks and short-term investments for the years ended December 31, 2018, 2017 and for the three months ended December 31, 2016 amounted to ₱157 million, ₱37 million and ₱7 million, respectively (see Note 28).

8. Receivables

	2018	2017
Trade		
Installment contract receivables	**₱283,447,326**	₱7,272,408,707
Rental receivables (Note 22)	**1,426,650,345**	793,963,283
Accrued rent receivables	**1,256,405,124**	886,325,031
Hotel operations	**168,058,728**	185,203,621
	3,134,561,523	9,137,900,642
Affiliated companies (Note 22)	**207,635,524**	23,419,773
Others		
Receivable from condominium corporations	**161,311,324**	125,144,625
Advances to officers and employees	**51,749,347**	39,526,617
Receivable for insurance	**30,687,835**	6,723,297
Others	**21,178,097**	55,968,490
	3,607,123,650	9,388,683,444
Less allowance for impairment losses	**47,676,601**	47,676,601
	3,559,447,049	9,341,006,843
Less noncurrent portion	**1,432,956,759**	3,775,948,572
	₱2,126,490,290	₱5,565,058,271

Installment contract receivables consist of accounts collectible in monthly installments over a period of one (1) to ten (10) years. These are carried at amortized cost, except for receivables from lease-to-own arrangements which are carried at fair value through OCI. The title of the real estate property, which is the subject of the installment contract receivable due beyond 12 months, passes to the buyer once the receivable is fully paid. Upon adoption of PFRS 15, the Group records any excess of progress of work over the right to an amount of consideration that is unconditional as contract asset (see Note 10).

Rental receivables from affiliated companies included under 'Rental receivables' amounted to about ₱168 million and ₱114 million as of December 31, 2018 and 2017, respectively (see Note 22).

Accrued rent receivables represent the portion of the lease as a consequence of recognizing income on a straight-line basis. As of December 31, 2018 and 2017, the noncurrent portion of accrued rent receivable amounted to ₱1,243 million and ₱708 million, respectively.

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

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

Other receivables consist primarily of insurance claims and advances to brokers.

Allowance for impairment losses on trade receivables follows:

	Rental Receivables	Hotels Operations	Installment Contract Receivables	Total
Balances at December 31, 2018 and 2017	**₱13,905,027**	**₱14,771,574**	**₱19,000,000**	**₱47,676,601**

Aging Analysis
The aging analysis of the Group's receivables follows:

	December 31, 2018						
		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	**₱283,447,326**	**₱–**	**₱38,452,136**	**₱20,243,920**	**₱28,004,369**	**₱177,746,901**	**₱19,000,000**
Rental receivables (Note 22)	**1,426,650,345**	**694,942,129**	**210,303,407**	**43,311,363**	**21,620,631**	**442,567,788**	**13,905,027**
Accrued rent receivables	**1,256,405,124**	**1,256,405,124**	**–**	**–**	**–**	**–**	**–**
Hotel operations	**168,058,728**	**49,736,994**	**31,718,550**	**17,266,655**	**5,210,532**	**49,354,423**	**14,771,574**
Affiliated companies (Note 22)	**207,635,524**	**207,635,524**	**–**	**–**	**–**	**–**	**–**
Others	**264,926,603**	**264,926,603**	**–**	**–**	**–**	**–**	**–**
	₱3,607,123,650	**₱2,473,646,374**	**₱280,474,093**	**₱80,821,938**	**₱54,835,532**	**₱669,669,112**	**₱47,676,601**

	December 31, 2017						
		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	₱7,272,408,707	₱6,855,942,934	₱93,685,610	₱76,414,224	₱51,280,219	₱176,085,720	₱19,000,000
Rental receivables (Note 22)	793,963,283	197,449,461	118,969,392	32,200,417	33,809,261	397,629,725	13,905,027
Accrued rent receivables	886,325,031	886,325,031	–	–	–	–	–
Hotel operations	185,203,621	75,600,122	29,206,995	13,020,649	7,151,953	45,452,328	14,771,574
Affiliated companies (Note 22)	23,419,773	23,419,773	–	–	–	–	–
Others	227,363,029	227,363,029	–	–	–	–	–
	₱9,388,683,444	₱8,266,100,350	₱241,861,997	₱121,635,290	₱92,241,433	₱619,167,773	₱47,676,601

A summary of the movements in the receivables of the Group categorized as fair value through other comprehensive income is as follows:

Beginning balance, as previously reported	₱1,569,530,439
Transition adjustment on fair value - credited to other comprehensive income	21,668,304
Beginning balance, as restated	1,591,198,743
Additions	220,241,407
Sale of lease-to-own receivables	(1,017,153,531)
Fair value adjustment – other comprehensive income	(9,064,944)
Ending balance	₱785,221,675

9. Subdivision Land, Condominium and Residential Units for Sale

	2018	2017 (as restated)
Land and condominium units	**₱11,600,778,843**	₱12,891,326,496
Land use right and development cost	**13,793,027,024**	11,710,995,852
Residential units and subdivision land	**3,306,112,679**	2,030,312,220
Land held for development	**2,764,535,752**	2,221,414,792
	₱31,464,454,298	₱28,854,049,360

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

Land held for development previously presented as non-current asset includes land which the BOD has approved to be developed into residential development for sale. Before the adoption of PIC Q&A 2018-11, the classification was based on the Group's timing to start the development of the property. This was reclassified to inventories in the consolidated statement of financial position. Land with undetermined future use was retained in investment properties.

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

	2018	2017 (as restated)
Beginning balance (as previously reported)	**₱28,854,049,360**	₱25,983,487,629
Reclassification from non-current asset (Note 2)	–	2,310,382,571
Beginning balance, as restated	**28,854,049,360**	28,293,870,200
Construction and development costs incurred	**5,868,091,167**	4,846,756,065
Transfers (to) / from		
Investment properties (Note 12)	**2,072,054,274**	(1,105,957,609)
Unrealized land cost (sale to SRPI)	**(398,312,678)**	(37,581,909)
Cost of real estate sales (Note 24)	**(4,931,427,825)**	(3,143,037,387)
	₱31,464,454,298	₱28,854,049,360

Borrowing cost capitalized amounted to ₱548 million, ₱490 million and ₱98 million for the years ended December 31, 2018 and 2017 and for the three months ended December 31, 2016 respectively. The capitalization rate used to determine the amount of borrowing costs eligible for capitalization for the years ended December 31, 2018 and 2017 and for the three months ended December 31, 2016 is 4.50%, 4.02% and 3.87%, respectively. These amounts were included in the construction and development costs incurred (see Note 18).

The amount of subdivision land, condominium and residential units for sale recognized as cost of real estate sales in the consolidated statements of comprehensive income amounted to ₱4,931 million, ₱3,143 million and ₱1,073 million for the years ended December 31, 2018 and 2017 and for the three months ended December 31, 2016, respectively (see Note 24).

On October 20, 2015, the Chinese government awarded the Contract for Assignment of the Rights to the Use of State-Owned Land 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.

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

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

The land use right amounting to ₱10,221 million as at December 31, 2018 and 2017 is pledged as security to the Renminbi (RMB)216 million (₱1,651 million) loan from Agricultural Bank of China (Note 18). Other than this, there are no subdivision land, condominium and residential units for sale that are pledged as security to liabilities as of December 31, 2018 and 2017.

10. Contract Assets

As at December 31, 2018, the Group has current and noncurrent contract assets amounting to ₱5,088 million and ₱6,445 million, respectively.

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

11. **Other Current Assets**

	2018	2017 (as restated)
Restricted cash – escrow	**₱7,607,789,241**	₱4,257,265
Input VAT – net	**1,418,062,733**	2,338,956,212
Prepaid expenses (Note 23)	**986,336,548**	212,715,201
Advances to suppliers and contractors	**866,819,174**	907,945,154
Advances to lot owners	**748,273,145**	665,791,569
Supplies	**60,511,778**	64,628,699
Utility deposits (Notes 33 and 34)	**7,831,041**	9,989,072
Others	**40,639,253**	43,455,923
	₱11,736,262,913	₱4,247,739,095

Restricted cash - escrow includes the deposits of buyers of Chengdu Xin Yao which will mainly be used for construction of real estate inventories.

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

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

Advances to suppliers and contractors consist of advance payment which will be applied against the final billing and are expected to occur within the year. Advances to contractors and suppliers previously presented under current assets, representing prepayments for the construction of investment property was reclassified to noncurrent asset in accordance with PIC Q&A 2018-15 which aims to classify the prepayment based on the actual realization of such advances based on the determined usage/realization of the asset to which it is intended.

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

Supplies consist mainly of office and maintenance materials.

Utility deposits consist primarily of bid bonds and meter deposits.

Others consist primarily of creditable withholding taxes and refundable deposit made by the Group.

12. **Investment Properties**

Investment properties is composed of the following:

	2018	2017 (as restated)
Land	**₱16,401,461,680**	₱13,714,664,107
Land improvements	**218,207,864**	110,801,165
Buildings and improvements	**54,738,728,644**	46,631,477,330
Construction in progress	**6,314,587,588**	9,011,361,402
	77,672,985,776	69,468,304,004
Land held for future development	**21,644,110,051**	22,685,464,066
	₱99,317,095,827	₱92,153,768,070

Land, Land Improvements, Buildings and Improvements and Construction in Progress
A summary of the movement in land, land improvements, buildings and improvements and construction in progress is set out below:

	December 31, 2018				
	Land	**Land Improvements**	**Buildings and Improvements**	**Construction In Progress**	**Total**
Cost					
Balances at January 1, 2018	**₱13,714,664,107**	**₱244,495,794**	**₱74,912,347,677**	**₱9,011,361,402**	**₱97,882,868,980**
Additions	**3,829,988**	**54,642,249**	**4,211,032,313**	**5,022,122,827**	**9,291,627,377**
Reclassification and transfers - net (Notes 9, 11 and 13)	**2,682,967,585**	**72,560,324**	**7,575,892,446**	**(7,718,896,641)**	**2,612,523,714**
Balances at December 31, 2018	**16,401,461,680**	**371,698,367**	**86,699,272,436**	**6,314,587,588**	**109,787,020,071**
Accumulated Depreciation					
Balances at January 1, 2018	**–**	**133,694,629**	**28,280,870,347**	**–**	**28,414,564,976**
Depreciation (Notes 24 and 26)	**–**	**19,795,874**	**3,679,673,445**	**–**	**3,699,469,319**
Balances at December 31, 2018	**–**	**153,490,503**	**31,960,543,792**	**–**	**32,114,034,295**
Net Book Value	**₱16,401,461,680**	**₱218,207,864**	**₱54,738,728,644**	**₱6,314,587,588**	**₱77,672,985,776**

	December 31, 2017 (as restated)				
	Land	Land Improvements	Buildings and Improvements	Construction In Progress	Total
Cost					
Balances at January 1, 2017	₱10,847,928,424	₱232,690,307	₱65,445,762,502	₱4,717,861,720	₱81,244,242,953
Additions	–	11,805,487	1,367,205,964	11,276,771,771	12,655,783,222
Reclassification and transfers - net (Notes 9, 11 and 13)	2,866,735,683	–	8,099,379,211	(6,983,272,089)	3,982,842,805
Balances at December 31, 2017	13,714,664,107	244,495,794	74,912,347,677	9,011,361,402	97,882,868,980
Accumulated Depreciation					
Balances at January 1, 2017	–	115,195,251	25,047,078,773	–	25,162,274,024
Depreciation (Notes 24 and 26)	–	18,499,378	3,233,791,574	–	3,252,290,952
Balances at December 31, 2017	–	133,694,629	28,280,870,347	–	28,414,564,976
Net Book Value	₱13,714,664,107	₱110,801,165	₱46,631,477,330	₱9,011,361,402	₱69,468,304,004

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

The construction in progress reclassified during the years ended December 31, 2018 and 2017 amounted to ₱7,719 million and ₱6,983 million, respectively. This year's reclassification represents malls in Ormoc, Iloilo, Tuguegarao and Bukidnon and office building in Ortigas and Quezon City that have been completed during the year ended December 31, 2018 and transferred to the corresponding assets accounts such as buildings and buildings improvements and land improvements. The remaining construction in progress represents new and expansion projects in various cities in Metro Manila and other parts of Luzon and Visayas regions.

For the year ended December 31, 2018, the Group reclassified investment properties to subdivision land, condominium and residential units for sale amounting to ₱114 million and on December 31, 2017 reclassified from subdivision land, condominium and residential units for sale to investment properties amounting to ₱1,017 million, respectively (see Note 9).

Depreciation expense charged to operations amounted to ₱3,699 million, ₱3,252 million and ₱839 million for the years ended December 31, 2018 and 2017 and for the three months ended December 31, 2016, respectively (see Notes 24 and 26).

Borrowing costs capitalized amounted to ₱323 million, ₱472 million and ₱34 million for the years ended December 31, 2018 and 2017 and for the three months ended December 31, 2016, respectively. These amounts were included in the consolidated statements of cash flows under additions to investment properties. The capitalization rate used to determine the amount of borrowing costs eligible for capitalization for the years ended December 31, 2018 and 2017 and for the three months ended December 31, 2016 is 4.50%, 4.02% and 3.87%, respectively.

The fair value of investment properties which has been determined based on valuations performed by independent professional qualified appraisers exceeds its carrying cost. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation. The fair value as of December 31, 2018 and 2017 amounted to ₱168,572 million and ₱161,767 million, respectively, are based on independent third party appraisal reports, dated December 31, 2017. The fair value measurement using unobservable data in active market is Level 3 of the fair value hierarchy.

The fair value of the investment properties was arrived at using the Market Value Approach as of the date of the appraisal reports. Market Value which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion." Rental income derived from investment properties amounted to ₱13,548 million, ₱11,582 million and ₱2,718 million for the years ended December 31, 2018 and 2017 and for the three months ended December 31, 2016, respectively (see Note 23).

Property operations and maintenance costs arising from investment properties amounted to ₱791 million, ₱710 million and ₱184 million for the years ended December 31, 2018 and 2017 and for the three months ended December 31, 2016, respectively (see Note 24).

There are no investment properties as of December 31, 2018 and 2017 that are pledged as security to liabilities.

Land Held for Future Development
A summary of the movement in land held for future development is set out below:

	2018	2017 (as restated)
Beginning balance	**₱22,685,464,066**	₱17,730,922,918
Reclassification to inventories	**–**	(2,310,382,571)
Beginning balance, as restated	**22,685,464,066**	15,420,540,347
Acquisitions	**2,188,037,914**	9,454,634,133
Transfers (to)/from investment properties (Note 12)	**(3,229,391,929)**	(2,189,710,414)
Ending balance	**₱21,644,110,051**	₱22,685,464,066

The fair value of land held for future development which has been determined based on valuations performed by independent professional qualified appraisers exceeds its carrying cost. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation. The fair value as of December 31, 2018 and 2017 amounted to ₱37,584 million are based on independent third party appraisal reports dated December 31, 2017. The fair value measurement using unobservable data in active market is Level 3 of the fair value hierarchy.

The fair value of the land held for future development was arrived at using the Market Value Approach as of the date of the appraisal reports. Market Value which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

13. Property and Equipment

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

	December 31, 2017				
	Land Improvements	Buildings and Improvements	Theater Furniture and Equipment	Other Equipment	Total
Cost					
Balances at January 1, 2017	₱8,420,371	₱5,919,585,396	₱890,473,932	₱3,850,923,849	₱10,669,403,548
Additions	554,762	1,500,133,951	122,513,533	274,817,862	1,898,020,108
Write-off	–	–	–	(1,286)	(1,286)
Reclassifications and transfers (Note 12)	–	111,700,960	–	(1,508,304)	110,192,656
Balances at December 31, 2017	8,975,133	7,531,420,307	1,012,987,465	4,124,232,121	12,677,615,026
Accumulated Depreciation					
Balances at January 1, 2017	4,754,878	2,112,090,225	635,563,407	2,571,026,248	5,323,434,758
Depreciation (Notes 24 and 26)	674,529	186,970,164	109,766,408	364,412,048	661,823,149
Write-off	–	–	–	(1,286)	(1,286)
Balances at December 31, 2017	5,429,407	2,299,060,389	745,329,815	2,935,437,010	5,985,256,621
Net Book Value	₱3,545,726	₱5,232,359,918	₱267,657,650	₱1,188,795,111	₱6,692,358,405

Depreciation expense charged to operations amounted to ₱757 million, ₱662 million and ₱171 million for the years ended December 31, 2018 and 2017 and for the three months ended December 31, 2016, respectively (see Notes 24 and 26).

Borrowing cost capitalized amounted to ₱63 million, ₱72 million and ₱4 million for the years ended December 31, 2018, 2017 and for the three months ended December 31, 2016, respectively.

The following are the costs of property and equipment that are fully depreciated as of December 31, 2018 and 2017 but still used in operations:

	2018	2017
Building and improvements	**₱790,193,546**	₱780,821,421
Other equipment	**432,481,792**	346,790,615
Land improvements	**698,241**	698,241
	₱1,223,373,579	₱1,128,310,277

There are no property and equipment items as of December 31, 2018 and 2017 that are pledged as security to liabilities.

14. **Other Noncurrent Assets**

	2018	2017 (As restated)
Advances to suppliers and contractors	**₱1,947,197,919**	₱1,963,217,908
Advances to lot owners	**1,471,892,243**	1,408,448,709
Utility deposits (Notes 33 and 34)	**792,181,009**	874,345,792
Prepaid rent	**435,964,979**	382,799,970
Others (Note 32)	**128,973,493**	133,359,127
	₱4,776,209,643	₱4,762,171,506

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

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

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

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

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

Therefore, should the Parent Company opt to renew its lease over the property, the new lease rate for the 25-year extension period shall cover the land as well as the buildings and permanent improvements transferred to BCDA.

In 2018, the Parent Company paid ₱100 million upfront fee to the province of Malolos, Bulacan in relation to the lease agreement entered into 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 development and utilization thereof by the Parent Company for (a) shopping mall/ terminal, (b) convention center, (c) hotel and (d) IT-BPM/BPO office buildings/dormitories.

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 payment will be offset against the rent due starting on the first (1st) year of operation of the Parent Company in the said property which is expected to occur beyond 1 2 months after the reporting date.

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

15. Accounts Payable and Accrued Expenses

	2018	2017
Accounts payable (Note 22)	**₱9,429,727,930**	₱9,685,757,998
Taxes and licenses payable	**2,128,522,470**	2,110,601,784
Accrued rent expense	**844,364,680**	806,830,746
Accrued contracted services	**491,610,543**	364,666,444
Accrued interest payable	**322,322,878**	370,835,301
Accrued salaries and wages	**308,964,942**	160,574,858
Commissions payable	**231,632,590**	–
Dividends payable	**43,304,321**	40,990,210
Other accrued payable	**524,116,354**	343,189,406
	₱14,324,566,708	₱13,883,446,747

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

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

Accrued rent expense represents accrual for film rentals.

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

Other accrued payable includes insurance payable and accrued utilities.

16. Contract Liabilities

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. Current and noncurrent contract liabilities as of December 31, 2018 is ₱12,932 million and ₱2,379 million, respectively. The movement in the contract liability is mainly due to reservation sales and advance payment of buyers less real estate sales recognized upon reaching the equity threshold from increase in percentage of completion.

The amount of revenue recognized from the amounts included in contract liabilities at the beginning of the year amounted to ₱1,663 million.

17. Deposits and Other Current Liabilities

	2018	2017
Deposits from lessees (Notes 19, 33 and 34)	**₱2,658,678,992**	₱2,356,241,519
Payables to affiliated companies (Notes 22, 33 and 34)	**231,800,778**	185,692,813
Deposits from real estate buyers (Note 3)	**–**	1,204,355,371
Others	**13,760,000**	37,245,113
	₱2,904,239,770	₱3,783,534,816

Deposits from real estate buyers represent cash received in advance which shall be applied against the total contract price as soon as the contractual obligation of the real estate buyer has begun. Deposits from real estate buyers also include cash collections in excess of the installment contract receivables recognized under the percentage-of-completion method.

Deposits from lessees (including noncurrent portion shown in Note 19) represent cash received in advance equivalent to three (3) to six (6) month rent which shall be refunded to lessees at the end of lease term. These are initially recorded at fair value, which was obtained by discounting its future cash flows using the applicable rates of similar types of instruments. The accretion expense on these deposits, recognized in "accretion of security deposit" under cost of rental services, amounted to ₱73 million, ₱56 million and ₱21 million for the years ended December 31, 2018 and 2017 and for the three months ended December 31, 2016, respectively (see Note 24).

Included in the "Deposit from lessees" are unearned rental income amounting to ₱604 million and ₱373 million as of December 31, 2018 and 2017, respectively. Amortization of unearned rental income included in "Rental income" amounted to ₱97 million, ₱64 million and ₱16 million for the years ended December 31, 2018 and 2017 and for the three months ended December 31, 2016, respectively.

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

18. **Loans Payable**

Short-term loans

	2018	2017
Short-term loan obtained from local banks that will mature in January 2019. Interest rate is at 5.25% per annum.	**₱896,700,000**	₱–
Short-term loan obtained from local banks that will mature in January 2018. Interest rate is at 2.80% per annum.	–	14,454,500,000
Short-term loan obtained from a local bank that will mature in February 2018. Interest rate is at 2.60% per annum.	–	1,238,900,000
	₱896,700,000	₱15,693,400,000

Long-term loans

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

	2018	2017
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 upon maturity, with fixed rate at 4.7500%, interest payable quarterly in arrears	**7,000,000,000**	7,000,000,000
Five-year term loan from BDO Unibank, Inc. maturing on July 8, 2021. Principal payable upon maturity, with fixed rate at 3.8327%, interest payable quarterly in arrears.	**6,500,000,000**	6,500,000,000
Seven-year term loan from BPI maturing on August 10, 2023. Principal payable in annual installment amounting to ₱10 million for six years and the balance upon maturity, with fixed rate at 3.8900%, interest payable quarterly in arrears.	**4,980,000,000**	4,990,000,000
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	**4,495,000,000**	4,500,000,000
Ten-year bonds from BDO and Standard Chartered maturing on February 23, 2025. Principal payable upon maturity, with fixed rate at 4.9344%, interest payable semi-annually in arrears.	**1,364,500,000**	1,364,500,000
Five-year loan maturing in August 2022. Principal of RMB216 million as of December 31, 2018 and RMB60 million as of December 31, 2017, payable upon maturity, with fixed rate at 4.7500%.	**1,651,127,328**	458,325,660
Three-year loan maturing in December 2019. Principal of RMB50 million payable upon maturity, with fixed rate at 4.7500%.	–	381,938,050
	36,626,127,328	35,830,263,710
Less debt issue costs	**137,588,327**	169,101,556
Long-term loans net of debt issue costs	**₱36,488,539,001**	₱35,661,162,154
Less current portion	**15,000,000**	15,000,000
Noncurrent portion of long-term loans	**₱36,473,539,001**	₱35,646,162,154

The Group's loans payable are all unsecured, except for the five-year loan from Agricultural Bank of China amounting to ₱1,651 million which the Group has guaranteed with its land use rights in China under Chengdu Xin Yao (see Note 9).

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 ₱836 million, ₱778 million and ₱384 million for the years ended December 31, 2018 and 2017 and for the three months ended December 31, 2016, respectively (see Note 28).

Capitalized borrowing cost amounted to ₱934 million, ₱1,034 million and ₱136 million for the years ended December 31, 2018 and 2017 and for the three months ended December 31, 2016, respectively (see Notes 9, 12 and 13).

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

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

Debt Covenants
The Group is required to maintain a debt-to-equity ratio not exceeding 2:1 as referenced from its consolidated financial statements as of its fiscal year end September 30 and consolidated interim financial statements as at March 31. The Group has complied with the debt covenant as of December 31, 2018 and 2017.

<u>Seven-year term loan from Metropolitan Bank and Trust Company maturing on March 15, 2024</u>
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.

Debt Covenants
The Group is required to maintain a ratio of consolidated total borrowings to consolidated shareholders' equity not exceeding 2:1 as referenced from its consolidated audited financial statements as of its calendar year end December 31 and the consolidated interim financial statements as of March 31, June 30, and September 30. The Group has complied with the debt covenant as of December 31, 2018 and 2017.

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

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

Debt Covenants
The Group is required to maintain a debt to equity ratio not exceeding 2:1. The Group has complied with the debt covenant as of December 31, 2018 and 2017.

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

The ₱5,000 million loan was released on August 10, 2016 with interest rate at 3.8900% per annum and shall be payable quarterly, computed on the basis of a 360-day year and on the actual number of days elapsed.
Partial payments for this loan amounting to ₱10 million each were made in 2018 and 2017.

Debt Covenants
The Group is required to maintain a debt to equity ratio not exceeding 2:1. The Group has complied with the debt covenant as of December 31, 2018 and 2017.

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

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

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

Debt Covenants
The Group is required to maintain a ratio of net debt-to-equity not exceeding 2:1 as measured at each fiscal year-end date based on the audited consolidated financial statements. The Group has complied with the debt covenant as of December 31, 2018 and 2017.

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

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

Debt Covenants
The Group is required to maintain a debt-to-equity not exceeding 2:1 as referenced from its consolidated audited financial statements as of its fiscal year end September 30 and consolidated interim financial statements as at March 31. The Group has complied with the debt covenant as of December 31, 2018 and 2017.

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 which 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.

As of December 31, 2018, total drawdown from this loan agreement is RMB216 million.

Debt Covenants
Chengdu Xin Yao is required to maintain the following financial indicators: (a) actual revenue in its operating period which should not be lower than 20%; (b) debt-asset ratio should not equal or exceed 70%; (c) the borrower should not have a bad credit; and (d) borrower contingent liability ratio should not exceed 4%. Chengdu Xin Yao has complied with the debt covenant as of December 31, 2018 and 2017.

Three-year entrusted loan from Chengdu Ding Feng Real Estate Development Co. Ltd. Maturing in December 2019
In 2017, Chengdu Xin Yao entered into a loan agreement with Chengdu Ding Feng Real Estate Development Co. Ltd. amounting to RMB50 million (₱382 million). Interest on the loan is 4.75%.

The said loan was preterminated on December 13, 2018.

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

The ₱9,000 million loan was released in two tranches amounting to ₱5,000 million and ₱4,000 million on July 14, 2014 and August 27, 2014, respectively. The interest rate is at 5.0438% per annum and shall be payable quarterly, computed on the basis of a year of 365 calendar days for the actual number of days elapsed. On October 17, 2016, the Group preterminated the ₱9,000 million loan.

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

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

The ₱1,000 million loan was released on July 14, 2014 with interest rate at 5.0438% per annum and shall be payable quarterly, computed on the basis of a year of 365 calendar days for the actual number of days elapsed. On October 17, 2016, the Group preterminated the ₱1,000 million loan.

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

Pre-termination of term loans from BDO Unibank, Inc. and BDO Leasing & Finance, Inc.
On October 17, 2016, the Group pre-terminated the outstanding balance of the ₱9,000 million five-year term loan from BDO Unibank, Inc. and ₱1,000 million five-year term loan from BDO Leasing and Finance, Inc. Pursuant to the Term Loan Facility Agreement between the Group, BDO Unibank, Inc. and BDO Leasing and Finance, Inc. dated July 8, 2014, the Group may prepay the loan in part or full together with accrued interest thereof to prepayment date subject to the penalty of one percent (1%). The Group paid a prepayment charge amounting to ₱100 million which is included in finance charges under "Other income (losses)" (see Note 28).

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

Long-term loans

	Within 1 year	1-2 years	2-3 years	3-4 years	4-10 years	Total
December 31, 2018	**₱15,000,000**	**₱15,000,000**	**₱6,515,000,000**	**₱12,301,627,328**	**₱17,779,500,000**	**₱36,626,127,328**
December 31, 2017	₱15,000,000	₱396,938,050	₱15,000,000	₱6,515,000,000	₱28,888,325,660	₱35,830,263,710

Debt issue cost

	2018	2017
Beginning balance	**₱169,101,556**	₱138,522,322
Additions	**–**	57,500,000
Amortizations	**(31,513,229)**	(26,920,766)
Ending balance	**₱137,588,327**	₱169,101,556

19. **Deposits and Other Noncurrent Liabilities**

	2018	2017
Deposits from lessees (Notes 17, 33 and 34)	**₱2,650,771,913**	₱2,341,568,583
Accrued rent expense	**1,608,663,933**	1,458,843,803
Accounts payable (Note 22)	**645,174,274**	2,536,748,920
Pension liabilities (Note 31)	**325,012,487**	324,547,653
Advances for marketing and promotional fund	**220,031,526**	199,189,605
Others	**246,544,614**	246,625,744
Deposits from real estate buyers (Note 3)	**–**	1,220,643,793
	₱5,696,198,747	₱8,328,168,101

Accounts payable mainly consists of retentions payable which 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.

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

Deposits from real estate buyers represent cash received in advance which shall be applied against the total contract price as soon as the contractual obligation of the real estate buyer has begun. The deposits from real estate buyers which are expected to be applied to the contract price within one year are classified as current. As of December 31, 2018, the 'deposits from real estate buyers' account wass reported as 'contract liabilities' in the consolidated statements of financial position under the modified retrospective approach.

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

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

20. Retained Earnings

The declarable dividend of Parent Company amounted to ₱23,395 million and ₱18,491 million as of December 31, 2018 and 2017, respectively.

Restriction
A portion of the unappropriated retained earnings representing the undistributed net earnings of subsidiaries amounting ₱2,223 million and ₱1,793 million as of December 31, 2018 and 2017, respectively, are not available for dividend declaration by the Parent Company until received in the form of dividends.

Also ₱27,000 million and ₱24,500 million as of December 31, 2018 and 207, respectively, of retained earnings appropriated for future and ongoing expansions are not available for dividends.

Dividends declared
The BOD declared cash dividends in favor of all its stockholders for the years ended December 31, 2018 and 2017 as follows:

	December 31, 2018	December 31, 2017
Date of declaration	**April 6, 2018**	March 3, 2017
Date of payment	**May 23, 2018**	May 2, 2017
Ex-dividend rate	**April 26, 2018**	April 3, 2017
Dividend per share	**₱0.36**	₱0.36
Total dividends	**₱1,869,779,047**	₱1,473,779,046

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

On the same date, the BOD also approved the appropriation of ₱27,000 million, out of the unappropriated retained earnings, to support the capital expenditure requirements of the Group for various projects approved by the Executive Committee during meetings held in December 2018. These projects and acquisitions are expected to be completed in various dates in 2019 up to 2023.

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

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

21. Capital Stock and Other Equity Reserve

The details of the number of common shares as of December 31, 2018 and 2017 follow:

	December 31, 2018		December 31, 2017	
	Shares	**Amount**	Shares	Amount
Authorized - at ₱1 par value	**8,200,000,000**	**₱8,200,000,000**	8,200,000,000	₱8,200,000,000
Issued and outstanding				
Common shares	**5,193,830,685**	**₱5,193,830,685**	4,111,528,685	₱4,111,528,685
Treasury shares	**–**	**–**	(17,698,000)	(221,834,657)
	5,193,830,685	**₱5,193,830,685**	4,093,830,685	₱3,889,694,028

Below is the summary of the Parent Company's track record of registration of securities with the SEC as of December 31, 2018:

	Number of shares registered	Issue/ offer price	Date of SEC approval	Number of holders of securities as of year end
Balance before Initial public offering	300,000,000			
Initial public offering	200,000,000	₱1.00/share	February 10, 1989	
Increase in offer price		₱5.81/share	June 3, 1989	
Add:				
1:1 stock rights offering	500,000,000	₱2.50/share	March 15, 1991	
20% stock dividend	200,000,000	₱1.00/share	June 16, 1993	
1:2 stock rights offering	600,000,000	₱2.50/share	March 21, 1995	
Exchange for shares of JGSHI in MMHLC and in RII	496,918,457		April 3, 1997	
1:2 New share offering	450,000,000	₱12.00/share	September 25, 2006	
1:2 stock rights offering	1,364,610,228	₱10.00/share	May 17, 2011	
October 1, 2016	4,111,528,685			1,086
Add (deduct) movement	–			(7)
December 31, 2016	4,111,528,685			1,079
Add (deduct) movement	–			(13)
December 31, 2017	4,111,528,685			1,066
Add: Stock rights offering (SRO)	1,082,302,000	₱18.20/share	February 8, 2018	(5)
December 31, 2018	5,193,830,685			1,061

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

Stock rights offering
On November 13, 2017, the BOD of the Company approved in principle the stock rights offering (SRO) of up to ₱20 billion composed of 1.1 billion common shares, with a par value of ₱1.00 per share, to all stockholders as of record date January 31, 2018. The Company intends to use the proceeds from the SRO to finance the acquisition of land located in various parts of the country for all its business segments.

The Company obtained the approval of the BOD of the Philippine Stock Exchange, Inc. (PSE) for the listing and trading of the rights shares on January 10, 2018, while the PSE's confirmation of exempt transaction covering the SRO was obtained on December 14, 2017. The following are the key dates of the SRO:

- Pricing date - January 24, 2018
- Ex-date - January 26, 2018
- Record date - January 31, 2018
- Offer period - February 2 to 8, 2018
- Listing date - February 15, 2018

The Parent Company successfully completed its ₱20 billion SRO of common shares following the close of the offer period on February 8, 2018. A total of 1.1 billion common shares from the SRO were issued at a price of ₱18.20 each. The listing of the shares occurred on February 15, 2018.

Additional Paid-In Capital Stock
As a result of the SRO, the Group incurred total issuance cost of ₱90 million of which ₱69 million was charged to Additional Paid-In Capital while the ₱21 million was charged to expense.

Below is the movement of the Additional Paid-In Capital:

	2018	2017
Beginning Balance	**₱20,392,532,781**	₱20,392,532,781
Proceeds of SRO in excess of par		
From new shares issued	**18,615,594,400**	–
From treasury shares	**100,268,943**	–
Stock issuance costs	**(67,067,888)**	–
	₱39,041,328,236	₱20,392,532,781

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

As of December 31, 2017, the Parent Company had a total of 17,698,000 treasury shares with a total purchase price of ₱222 million at an average price of ₱12.53 per share.

The Company reissued these treasury shares during the SRO in 2018.

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

The Group monitors its use of capital structure using a debt-to-capital ratio which is gross debt divided by total equity. The Group includes within gross debt all interest-bearing loans and borrowings, while capital represents total equity attributable to the equity holders of the Parent Company. Following is a computation of the Group's debt-to-capital ratio as of December 31, 2018 and 2017.

	2018	2017
(a) Loans payable (Note 18)	**₱37,522,827,328**	₱51,523,663,710
(b) Capital	**₱93,510,602,099**	₱67,091,340,611
(c) Debt-to-capital ratio (a/b)	**0.40:1**	0.77:1

As of December 31, 2018 and 2017, the Group is compliant with its debt covenants with lenders.

Other Equity Reserve
On March 6, 2013, the Parent Company acquired the remaining 20% non-controlling interest in Altus San Nicolas Corp. (ASNC), increasing its ownership interest from 80% to 100%. Cash consideration of ₱198 million was paid to the non-controlling shareholders. The total carrying value of the net assets of ASNC at the date of acquisition was ₱578 million, and the 20% equivalent of the carrying value of the remaining non-controlling interest acquired was ₱111 million. The difference of ₱87 million between the consideration and the carrying value of the interest acquired was booked in "Other equity reserve" account within equity.

22. **Related Party Transactions**

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

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

	December 31, 2018 (One Year)			
	Amount/ Volume	Receivable (Payable)	Terms	Conditions
Ultimate Parent Company				
a) Rental income/receivable	**₱57,964,248**	**₱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	**45,808,682**	**(201,313,407)**	Non-interest bearing; due and demandable	Unsecured
Under common control of Ultimate Parent Company				
c) Cash and cash equivalents				
• Cash in banks	**327,025,906**	**811,808,669**	Interest bearing at prevailing market rate; at 1.00% to 1.13% per annum due and demandable	Unsecured; no impairment
• Short-term investments	**1,414,410,627**	**1,414,410,627**	Interest bearing at prevailing market rate; at 1.25% to 3.00% per annum due and demandable	Unsecured; no impairment
• Interest income	**53,029,144**	**337,080**		
a) Rental income/receivable	**2,728,947,022**	**163,069,995**	Three to five year lease terms at prevailing market lease rate; renewable at the end of lease term	Unsecured; no impairment
b) Advances to	**292,051,648**	**17,635,524**	Non-interest bearing; due and demandable	Unsecured; no impairment
b) Advances from	**299,283**	**(30,487,371)**	Non-interest bearing; due and demandable	Unsecured
d) Sale of lease receivables	**1,017,153.531**	–	Non-interest bearing; payable in installments	Unsecured; no impairment
Joint ventures in which the Parent Company is a venturer				
b) Advances to	**190,000,000**	**190,000,000**	Interest-bearing at PDST R2 of applicable interest period	Unsecured; no impairment
f) Sale of land - contract liabilities	**2,705,550,000**	**(2,705,550,000)**	Non-interest bearing; due in one year	Unsecured; no impairment
Elimination of excess of gain on sale against investment in joint venture	–	**(1,118,639,671)**		
f) Sale of land - contract assets	**2,507,450,000**	**4,011,920,000**	Interest bearing at 4% interest rate; due in 4 annual installment	Unsecured; no impairment
Interest income from sale of land - contract assets	**39,317,438**	**78,634,875**		
Elimination of excess of interest income against investment in joint venture – contract liabilities	–	**(39,317,437)**		
		₱2,597,004,400		

		December 31, 2017 (One Year)			
		Amount/ Volume	Receivable (Payable)	Terms	Conditions
Ultimate Parent Company					
a)	Rental income/receivable	₱51,766,433	₱3,189,986	Three to five year lease terms at prevailing market lease rates; renewable at the end of lease term	Unsecured; no impairment
b)	Advances from	51,979,442	(155,504,725)	Non-interest bearing; due and demandable	Unsecured
e)	Accounts payable	6,544,360,000	(4,842,826,400)	Non-interest bearing; payable within three years	Unsecured
Under common control					
	c) Cash and cash equivalents				
	• Cash in banks	182,113,340	484,782,763	Interest bearing at prevailing market rate; at 1.00% to 1.13% per annum due and demandable	Unsecured; no impairment
	• Short-term investments	528,119,065	528,119,065	Interest bearing at prevailing market rate; at 1.25% to 3.00% per annum due and demandable	Unsecured; no impairment
	• Interest income	2,730,662	10,546		
	a) Rental income/receivable	2,284,829,922	110,555,182	Three to five year lease terms at prevailing market lease rate; renewable at the end of lease term	Unsecured; no impairment
b)	Advances to	5,276,611	23,419,773	Non-interest bearing; due and demandable	Unsecured; no impairment
b)	Advances from	4,501,086	(30,188,088)	Non-interest bearing; due and demandable	Unsecured
d)	Sale of lease receivables	891,045,585	–	Non-interest bearing; payable in installments	Unsecured; no impairment
			(₱3,878,441,898)		

Outstanding balances consist of the following:

	December 31	
	2018	2017
Cash and cash equivalents (Note 7)	**₱2,226,219,296**	₱1,012,901,828
Receivable from affiliated companies (Note 8)	**207,635,524**	23,419,773
Rental receivables (Note 8)	**167,902,591**	113,755,714
Contract assets (Note 10)	**4,090,554,875**	–
Contract liabilities (Note 16)	**(3,863,507,108)**	–
Payable to affiliated companies (Note 17)	**(231,800,778)**	(185,692,813)
Accounts payable and accrued expenses (Note 15)	**–**	(2,600,000,000)
Deposits and other noncurrent liabilities (Note 19)	**–**	(2,242,826,400)
	₱2,597,004,400	(₱3,878,441,898)

Significant transactions with related parties are as follows:

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

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

In October 2018, the Parent Company entered a Loan Agreement with RHK Land Corporation, a joint venture with Hong Kong Land Group, to make available a loan facility amounting to ₱1,400 million. As of December 31, 2018, total drawdown from this credit facility is ₱190 million.

The Group also made an advance payment to one of its joint venture's stockholder for the purchase of land amounting to ₱297 million as of December 31, 2018

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

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.

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 contracts receivable on a without recourse basis through various tranches. For the year ended December 31, 2018, the Parent Company sold its lease receivables with a carrying value of ₱1,017 million to the affiliate bank which resulted to a gain amounting to ₱119 million.

e) *Accounts payable to Ultimate Parent*
In December 2017, the Parent Company entered into a Deed of Absolute Sale with JGSHI, wherein JGSHI sold to the Parent Company its 130,965 square-meter parcels of land for a total selling price of ₱6,544 million plus 12% VAT on an installment basis for three years. In 2018, the Parent Company paid the entire outstanding payable to JGSHI.

f) Sale of Land
On 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 - ₱990 million was charged against the carrying value of the Investment in SRPI and ₱1,119 million is currently presented under noncurrent contract liabilities as of December 31, 2018 (see Note 32). As of December 31, 2018, outstanding balance for the purchase price amounted to ₱4,012 million presented under contract assets while interest from the said receivable amounted to ₱39 million.

During the year, 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 purchase 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.

Terms and conditions of transactions with related parties
There have been no guarantees provided or received for any related party receivables or payables. The Group has not recognized any impairment losses on amounts receivables from related parties for the years ended December 31, 2018 and 2017 and for the three months ended December 31, 2016. 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:

	December 31,		
	2018 (One year)	2017 (One year)	2016 (Three months)
Short-term employee benefits	**₱971,417,842**	₱863,112,728	₱258,657,149
Post-employment benefits	**61,807,906**	55,303,477	10,962,639
	₱1,033,225,748	₱918,416,205	₱269,619,788

23. Revenue

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

	December 31,		
	2018 (One year)	2017 (One year)	2016 (Three months)
Revenue from contracts with customers			
Recognized over time			
Residential development	**₱8,345,617,524**	₱5,973,248,023	₱1,472,300,349
Recognized at a point in time			
Industrial and integrated development	**2,507,450,000**	–	–
Hotels and resorts	**1,982,137,914**	1,892,873,758	496,892,214
Amusement income	**1,972,527,785**	1,802,643,181	431,783,166
	6,462,115,699	3,695,516,939	928,675,380
Total revenue from contracts with customers	**14,807,733,223**	9,668,764,962	2,400,975,729
Rental income	**13,548,204,208**	11,581,560,401	2,718,339,596
Other income	**1,189,376,460**	1,266,492,267	575,454,463
	₱29,545,313,891	₱22,516,817,630	₱5,694,769,788

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

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

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

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

Within one year	₱11,833,678,481
More than one year	3,476,526,315
	₱15,310,204,796

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

Residential development

Type of Product	**December 31,**		
	2018	2017	2016
	(One year)	(One year)	(Three months)
Residences	**₱5,118,889,727**	₱3,239,567,530	₱624,258,905
Communities	**1,380,754,562**	1,368,215,466	574,033,260
Luxuria	**961,311,272**	602,867,325	102,536,115
Homes	**884,661,963**	762,597,702	171,472,069
	₱8,345,617,524	₱5,973,248,023	₱1,472,300,349

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 contracts receivable amounting to ₱942 million, ₱1,715 million and ₱168 million for the years ended December 31, 2018 and 2017 and for the three months ended December 31, 2016. These are also recognized over time.

Industrial and Integrated Developments

The real estate revenue from the sale of land amounting to ₱2,507 million in 2018 pertains to the sale of two (2) adjoining parcels of land which was recognized at a point in time (see Note 22).

Hotels and resorts

Type of Product	**2018 (One year)**	2017 (One year)	2016 (Three months)
	December 31,		
Rooms	**₱1,312,576,731**	₱1,210,221,728	₱303,155,640
Food and beverage	**593,105,042**	621,883,904	181,876,204
Franchise revenue	**16,819,902**	16,838,778	408,028
Others	**59,636,239**	43,929,348	11,452,342
	₱1,982,137,914	₱1,892,873,758	₱496,892,214

Costs to obtain contract

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

Balance at the beginning of the year	₱354,758,625
Additions	653,599,770
Amortization (Note 25)	(725,081,987)
	₱283,276,408

24. Costs

	December 31,		
	2018 (One year)	2017 (One year)	2016 (Three months)
Real Estate Operations			
Cost of Rental Services			
Depreciation (Note 26)	**₱4,208,494,869**	₱3,732,988,642	₱962,971,811
Property operations and maintenance costs (Note 12)	**791,291,480**	710,458,514	184,083,433
Accretion of security deposit (Note 17)	**72,906,097**	56,147,861	21,327,753
	5,072,692,446	4,499,595,017	1,168,382,997
Cost of Real Estate Sales (Note 9)	**4,931,427,825**	3,143,037,387	1,072,837,533
Cost of Amusement Services			
Film rentals expense	**906,006,116**	820,824,802	195,593,971
Others			
Contracted services	**363,415,700**	253,137,260	32,508,845
Others	**838,169,402**	559,279,805	79,178,093
	1,201,585,102	812,417,065	111,686,938
	12,111,711,489	9,275,874,271	2,548,501,439

	December 31,		
	2018	2017	2016
	(One year)	(One year)	(Three months)
Hotel Operations			
Cost of Room Services			
Property operations and maintenance costs	**₱425,605,463**	₱386,759,727	₱48,267,241
Depreciation (Note 26)	**248,237,776**	181,125,459	47,049,114
	673,843,239	567,885,186	95,316,355
Cost of Food and Beverage	**320,069,980**	353,667,814	99,516,430
Others			
Salaries and wages (Note 27)	**97,141,168**	60,005,353	48,551,120
Contracted services	**85,818,160**	69,033,445	31,856,217
Management fee	**73,189,792**	64,430,314	18,583,900
Supplies	**37,493,390**	21,336,897	14,480,280
Commission	**15,255,321**	8,709,538	9,428,004
Others	**254,069,725**	205,443,822	15,590,833
	562,967,556	428,959,369	138,490,354
	1,556,880,775	1,350,512,369	333,323,139
	₱13,668,592,264	₱10,626,386,640	₱2,881,824,578

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

25. General and Administrative Expenses

	December 31,		
	2018	2017	2016
	(One year)	(One year)	(Three months)
Salaries and wages (Notes 22, 27 and 31)	**₱936,084,580**	₱858,410,852	₱221,068,668
Commission	**800,153,709**	588,617,839	132,465,128
Taxes and licenses	**732,215,601**	688,653,834	72,327,507
Advertising and promotions	**655,239,141**	520,144,547	169,868,301
Rent (Note 36)	**245,990,220**	52,014,409	43,593,841
Insurance	**132,096,341**	140,294,103	9,852,203
Association dues	**117,117,754**	105,739,200	29,696,574
Supplies	**104,142,986**	133,003,519	30,349,451
Light, water and communication	**97,834,528**	105,103,790	21,619,899
Travel and transportation	**77,071,904**	69,776,197	12,630,360
Entertainment, amusement and recreation	**18,231,929**	21,153,204	13,504,404
Others	**80,174,176**	45,105,053	37,088,416
	₱3,996,352,869	₱3,328,016,547	₱794,064,752

26. Depreciation

	December 31,		
	2018	2017	2016
	(One year)	(One year)	(Three months)
Real estate (Notes 12, 13 and 24)	**₱4,208,494,869**	₱3,732,988,642	₱962,971,811
Hotel operations (Notes 13 and 24)	**248,237,776**	181,125,459	47,049,114
	₱4,456,732,645	₱3,914,114,101	₱1,010,020,925

27. **Personnel Expenses**

Personnel expenses consist of (see Notes 24 and 25):

	December 31, 2018 (One year)	2017 (One year)	2016 (Three months)
Salaries, wages and other staff costs	**₱917,284,253**	₱811,588,387	₱243,588,858
Pension expense (Note 31)	**61,807,906**	55,303,477	10,962,639
SSS contributions, PAG-IBIG contributions, premiums and others	**54,133,589**	51,524,341	15,068,291
	₱1,033,225,748	₱918,416,205	₱269,619,788

The above amounts are distributed as follows:

	December 31, 2018 (One year)	2017 (One year)	2016 (Three months)
General and administrative (Note 25)	**₱936,084,580**	₱858,410,852	₱221,068,668
Hotel operations (Note 24)	**97,141,168**	60,005,353	48,551,120
	₱1,033,225,748	₱918,416,205	₱269,619,788

28. **Other Income (Losses)**

Interest income consists of:

	December 31, 2018 (One year)	2017 (One year)	2016 (Three months)
Interest income:			
Bank deposits (Note 7)	**₱156,969,192**	₱36,809,915	₱7,286,604
Receivable from affiliates	**39,317,437**	–	–
Interest income from installment contract receivable - recognized under real estate sales (Note 23)	**942,301,995**	1,714,559,283	168,336,421
	₱1,138,588,624	₱1,751,369,198	₱175,623,025

Interest expense consists of (see Notes 17 and 19):

	December 31, 2018 (One year)	2017 (One year)	2016 (Three months)
Loans payable (Note 18)	**₱836,112,262**	₱778,194,869	₱237,171,367
Finance charges (Note 18)	–	–	146,968,284
	₱836,112,262	₱778,194,869	₱384,139,651

Capitalized borrowing costs for the years ended December 31, 2018 and 2017 and for the three months ended December 31, 2016 are discussed in Notes 9, 12, 13 and 18.

Interest income pertains to the Group's interest received from cash and cash equivalents.

29. **Income Tax**

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

	December 31,		
	2018 (One year)	2016 (One year)	2016 (Three months)
Current			
RCIT	**₱2,305,197,006**	₱1,771,169,116	₱444,558,754
Final tax	**14,307,463**	6,460,001	365,067
MCIT	**403,217**	315,448	251,922
	2,319,907,686	1,777,944,565	445,175,743
Deferred	**699,159,325**	173,025,316	(59,422,873)
	₱3,019,067,011	₱1,950,969,881	₱385,752,870

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

	December 31,		
	2018 (One year)	2017 (One year)	2016 (Three months)
Statutory income tax rate	**30.00%**	30.00%	30.00%
Reductions in income tax resulting from:			
Interest income subjected to final tax	**(0.41)**	(0.01)	(0.01)
Tax exempt real estate sales	**(0.22)**	(0.11)	(0.16)
Income subjected to BOI, PEZA and lower tax	**(2.52)**	(4.98)	(6.32)
Effective income tax rate	**26.85%**	24.90%	23.51%

Deferred taxes as of December 31, 2018 and 2017 relate to the tax effects of the following:

	2018	2017
Deferred tax assets:		
Accrued rent expense	**₱507,821,606**	₱474,822,924
Accrued interest expense	**242,597,937**	220,795,887
Pension liabilities	**107,369,265**	106,170,155
Allowance for impairment loss	**14,302,980**	14,302,980
MCIT	**2,168,956**	2,168,956
	874,260,744	818,260,902
Deferred tax liabilities:		
Unamortized capitalized interest expense	**(1,961,848,143)**	(1,878,456,323)
Excess of real estate revenue based on percentage-of-completion over real estate revenue based on tax rules	**(1,870,869,852)**	(1,277,103,559)
Accrued rent income	**(439,867,823)**	(330,627,337)
Unamortized debt issuance cost	**(44,102,089)**	(53,556,058)
Fair value reserve of financial assets at FVOCI	**(3,781,008)**	–
Prepaid rent (Note 14)	**(134,440,664)**	(143,707,812)
	(4,454,909,579)	(3,683,451,089)
Net deferred tax liabilities	**(₱3,580,648,835)**	(₱2,865,190,187)

Provision for deferred tax relating to remeasurements of defined benefit liability recognized directly in equity amounted to (₱12) million, (₱29) million and ₱6 million for the years ended December 31, 2018, 2017 and for the three months ended December 31, 2016, 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 ₱3 million and P4 million as of December 31, 2018 and 2017, respectively. The deferred tax assets of the above deductible temporary differences for which no deferred tax assets have been recognized amounted to ₱1 million as of December 31, 2018 and 2017.

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

Period of recognition	Amount	Period of expiration
NOLCO		
December 31, 2018	₱–	December 31, 2021
December 31, 2017	517,845	December 31, 2020
December 31, 2016	540,064	December 31, 2019
September 30, 2016	1,796,845	September 30, 2019
	₱2,854,754	

Period of recognition	Amount	Period of expiration
MCIT		
December 31, 2018	₱456,442	December 31, 2021
December 31, 2017	315,448	December 31, 2020
December 31, 2016	63,272	December 31, 2019
September 30, 2016	227,828	September 30, 2019
	₱1,062,990	

Movement in NOLCO and MCIT follows:

NOLCO	**2018**	2017
Beginning balances	**₱3,754,601**	₱4,248,915
Additions	–	517,845
Expirations	**(899,847)**	(1,012,159)
Ending balances	**₱2,854,754**	₱3,754,601

MCIT	**2018**	2017
Beginning balances	**₱1,404,339**	₱1,296,774
Additions	**456,442**	315,448
Expirations	**(797,791)**	(207,883)
Ending balances	**₱1,062,990**	₱1,404,339

30. Basic/Diluted Earnings Per Share

Earnings per share amounts were computed as follows:

	December 31, 2018 (One year)	2017 (One year)	2016 (Three months)
a. Net income attributable to equity holders of Parent Company	**₱8,216,002,328**	₱5,881,150,728	₱1,254,917,783
b. Weighted average number of common shares outstanding adjusted (Note 21)	**5,056,330,685**	4,093,830,685	4,093,830,685
c. Earnings per share (a/b)	**₱1.62**	₱1.44	₱0.31

There were no potential dilutive shares for the years ended December 31, 2018, 2017 and for the three months ended December 31, 2016.

31. Employee Benefits

Pension Plans

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

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

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

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

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

	December 31, 2018 (One year)	2017 (One year)	2016 (Three months)
Service cost	**₱43,783,555**	₱42,269,949	₱8,074,069
Net interest cost	**18,024,351**	13,033,528	2,888,570
Pension expense	**₱61,807,906**	₱55,303,477	₱10,962,639

There are no plan amendments, curtailments or settlements for the years ended December 31, 2018 and 2017 and for the three months ended December 31, 2016.

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

	2018	2017
Present value of defined benefit obligation	**₱464,993,377**	₱470,681,322
Fair value of plan assets	**(139,980,890)**	(146,133,669)
Pension liabilities	**₱325,012,487**	₱324,547,653

Changes in net defined benefit liability of funded funds follow:

	December 31, 2018 (One Year)		
	Present value of defined benefit obligation	**Fair value of plan assets**	**Net defined benefit liability/(asset)**
Balance at January 1, 2018	**₱470,681,322**	**₱146,133,669**	**₱324,547,653**
Net benefit cost in consolidated statement of comprehensive income:			
Current service cost	**43,783,555**	**–**	**43,783,555**
Net interest cost	**25,565,458**	**7,541,107**	**18,024,351**
Subtotal	**69,349,013**	**7,541,107**	**61,807,906**
Benefits paid	**(32,771,253)**	**(10,747,898)**	**(22,023,355)**
Remeasurements in other comprehensive income:			
Actuarial changes arising from experience Adjustments	**8,541,377**	**–**	**8,541,377**
Actuarial changes arising from changes in financial/demographic assumptions	**(50,807,082)**	**–**	**(50,807,082)**
Return on plan assets	**–**	**(2,945,988)**	**2,945,988**
Subtotal	**(42,265,705)**	**(2,945,988)**	**(39,319,717)**
Balance at December 31, 2018	**₱464,993,377**	**₱139,980,890**	**₱325,012,487**

	December 31, 2017 (One Year)		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability/(asset)
Balance at January 1, 2017	₱510,599,931	₱157,465,185	₱353,134,746
Net benefit cost in consolidated statement of comprehensive income:			
Current service cost	42,269,949	–	42,269,949
Net interest cost	19,296,205	6,262,677	13,033,528
Subtotal	61,566,154	6,262,677	55,303,477
Benefits paid	(6,537,538)	(4,285,569)	(2,251,969)
Remeasurements in other comprehensive income:			
Actuarial changes arising from experience Adjustments	(3,493,005)	₱–	(3,493,005)
Actuarial changes arising from changes in financial/demographic assumptions	(91,454,220)	–	(91,454,220)
Return on plan assets	–	1,586,115	(1,586,115)
Subtotal	(94,947,225)	1,586,115	(96,533,340)
Others	–	(14,894,739)	14,894,739
Balance at December 31, 2017	₱470,681,322	₱146,133,669	₱324,547,653

	December 31, 2016 (Three Months)		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability/(asset)
Balance at October 1, 2016	₱479,132,556	₱151,524,900	₱327,607,656
Net benefit cost in consolidated statement of comprehensive income:			
Current service cost	8,074,069	–	8,074,069
Net interest cost	4,033,638	1,145,068	2,888,570
Subtotal	12,107,707	1,145,068	10,962,639
Contributions	–	6,241,908	(6,241,908)
Remeasurements in other comprehensive income:			
Actuarial changes arising from experience adjustments	16,299,125	–	16,299,125
Actuarial changes arising from changes in financial/demographic assumptions	3,060,543	–	3,060,543
Return on plan assets	–	(1,446,691)	1,446,691
Subtotal	19,359,668	(1,446,691)	20,806,359
Balance at December 31, 2016	₱510,599,931	₱157,465,185	₱353,134,746

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

	2018	2017
Cash and cash equivalents:		
Savings deposit account	**₱12,029,790**	₱38,313,660
Other securities	**72,112,909**	22,606,464
	84,142,699	60,920,124
Investment in debt instruments:		
Fixed rate bonds	**40,496,961**	72,214,780
Other debt instruments	**593,429**	140,807
	41,090,390	72,355,587
Accrued interest receivable	**1,292,771**	595,215
Prepaid tax	**86,384**	-
Other assets	**13,357,745**	12,274,270
Accrued trust and management fee payable	**10,901**	(11,527)
	₱139,980,890	₱146,133,669

The composition of the fair value of the Fund includes:

- *Cash and cash equivalents* - include savings and time deposit with various banks and special deposit account with Bangko Sentral ng Pilipinas.

- *Investment in debt instruments* - include investment in long-term debt notes and retail bonds issued by locally listed entities.

- *Accrued interest receivable and other receivable* - include interest earned from investments and receivable from affiliated companies.

- *Accrued trust and management fee payable* - pertains mainly to charges of trust or in the management of the plan.

The fund has no investment in the Parent Company as of December 31, 2018 and 2017.

The plan assets have diverse investments and do not have any concentration risk.

The management performs an asset-liability matching strategy annually. The overall investment policy and strategy of the Group's defined benefit plans is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risk of the plans.

The overall expected rates of return on assets are based on the market expectations prevailing as at the reporting date, applicable to the period over which the obligation is settled.

The Group expects to contribute ₱65 million to the defined benefit pension plans in 2019.

The average duration of the defined benefit obligation of the Group as of December 31, 2018 and 2017 is 17 and 15 years, respectively.

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

	December 31, 2018 (One Year)	December 31, 2017 (One Year)
Discount rate	**7.22% to 7.47%**	5.63% to 5.80%
Rate of salary increase	**5.70%**	5.50%

There are no unusual or significant risks to which the Plan exposes the Group. However, in the event a benefit claim arises under the Retirement Plan and the Retirement Fund is not sufficient to pay the benefit, the unfunded portion of the claim shall immediately be due and payable from the Group to the Retirement Fund.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the retirement benefit obligation as of December 31, 2018 and 2017, assuming if all other assumptions were held constant.

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

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

		Increase (decrease) on pension liabilities	
		December 31, 2018	December 31, 2017
Discount rates	+1.00%	**(₱429,489,169)**	(₱435,084,092)
	-1.00%	**495,647,840**	511,246,772
Salary increase rates	+1.00%	**₱498,939,922**	₱514,060,694
	-1.00%	**(426,064,803)**	(431,994,139)

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

	December 31, 2018	December 31, 2017
Less than 1 year	**₱35,924,617**	₱33,835,830
More than 1 years to 5 years	**206,215,578**	166,775,205
More than 5 years to 10 years	**359,644,904**	335,554,425
More than 10 years to 15 years	**462,759,453**	423,658,912
More than 15 years to 20 years	**333,364,369**	311,502,005
More than 20 years	**607,938,614**	600,038,794

32. Interest in Joint Ventures and Joint Operations

A. Interest in Joint Ventures

This account consists of the following:

Investment in stocks - cost:	
Balance at beginning of year	₱–
Additions	2,400,000,000
Elimination of interest income on the sale of land	(39,317,438)
Elimination of gain on sale of land to joint venture	(951,180,215)
Balance at end of year	1,409,502,348
Accumulated equity in net earnings:	
Balance at beginning of year	–
Equity in net loss during the year	(26,148,678)
Balance at end of year	(26,148,678)
	₱1,383,353,670

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

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

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

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

In accordance with the joint venture agreement with SPI, the Parent Company agrees to extend loan to SRPI, at fair and commercial rates comparable to loans extended by third party banks and financial institutions, an amount of ₱1,000 million annually starting April 1, 2019 up to April 1, 2022. As of December 31, 2018, the Parent Company has not yet extended a loan to SRPI.

Summarized financial information of SRPI, presented in Philippine Peso, which is its functional and presentation currency and prepared in accordance with PFRS as at December 31, 2018 and for the period May 23, 2018 to December 31, 2018 are as follows:

Current assets	₱863,605,652
Noncurrent assets	5,158,809,613
Current liabilities	(1,032,479,961)
Noncurrent liabilities	(3,008,940,000)
Equity	1,980,995,304
Proportion of Group's ownership	50.00%
Group's share in identifiable net assets	990,497,652
Carrying amount of investment	₱–

Reconciliation of the carrying amount of investment in SRPI as of December 31, 2018 is as follows:

Initial investment in SRPI	₱1,000,000,000
Equity in net loss	(9,502,348)
	990,497,652
Elimination of gain on sale of land (Note 22)	(990,497,652)
Carrying amount of investment, December 31, 2018	₱–

Gain on sale of land to SRPI attributable to the Parent Company was offset against the remaining carrying amount of investment in SRPI. The excess of the gain on sale of land amounting to ₱1,119 million was presented as noncurrent contract liability as of December 31, 2018.

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

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

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

On October 2018, the Parent Company entered into a Shareholder Loan Agreement with RHK Land to make available a loan facility of ₱1,400 million which RHK Land may draw from time to time subject to the terms and conditions set out in the agreement. On November 6, 2018, RHK Land has made a drawdown amounting to ₱190 million from the said facility with a repayment date falling on the fifth anniversary of the effective date.

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

Summarized financial information of RHK Land, presented in Philippine Peso, which is its functional and presentation currency and prepared in accordance with PFRS as at December 31, 2018 and for the period June 14, 2018 to December 31, 2018 are as follows:

Current assets	₱394,474,314
Noncurrent assets	2,763,931,339
Current liabilities	(6,149,537)
Noncurrent liabilities	(380,000,000)
Equity	2,772,256,116
Proportion of Group's ownership	60.00%
Group's share in identifiable net assets	1,663,353,670
Carrying amount of investment	₱1,383,353,670

B. Joint Operations

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

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

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

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

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

The agreed contributions of the parties follow:

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

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

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

The following were the agreements included in the addendum:

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

33. Financial Risk Management Objectives and Policies

The Group's principal financial instruments, comprise of 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.

<u>Risk Management Structure</u>
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 and credit risk. The Group's policies for managing the aforementioned risks are summarized below.

Market risk

Foreign Currency Risk

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

The Group does not have any foreign currency hedging arrangements.

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

	December 31, 2018		December 31, 2017	
Assets				
Cash and cash equivalents	**$547,927**	**₱28,809,976**	$1,204,233	₱60,115,324
Liabilities				
Accounts payable and accrued expenses	**431,915**	**22,710,086**	442,277	22,078,499
Net foreign currency-denominated assets	**$116,012**	**₱6,099,890**	$761,956	₱38,036,825

	December 31, 2018		December 31, 2017	
Assets				
Cash and cash equivalents	**RMB15,032,760**	**₱114,850,286**	RMB88,379,546	₱675,219,731
Restricted cash - escrow	**995,642,536**	**7,606,708,972**	–	–
Liabilities				
Accounts payable and accrued expenses	**77,008,156**	**588,342,313**	33,926,080	259,195,249
Loans payable	**216,116,142**	**1,651,127,328**	110,000,000	840,263,710
Net foreign currency-denominated assets	**RMB717,550,997**	**₱5,482,089,617**	(RMB55,546,534)	(₱424,239,228)

	December 31, 2018		December 31, 2017	
Assets				
Cash and cash equivalents	**SGD3,512**	**₱135,501**	SGD–	₱–

The exchange rates used to translate the Group's USD-denominated assets and liabilities as of December 31, 2018 and 2017 follow:

	December 31, 2018	December 31, 2017
US Dollar - Philippine Peso exchange rate	**₱52.58 to US$1.00**	₱49.92 to US$1.00

	December 31, 2018	December 31, 2017
Chinese Yuan - Philippine Peso exchange rate	**₱7.64 to RMB1.00**	₱7.64 to RMB1.00

	December 31, 2018	December 31, 2017
Singaporean Dollar - Philippine Peso exchange rate	**₱38.58 to SGD1.00**	-

The following table sets forth the impact of the range of reasonably possible changes in the USD-PHP exchange rate on the Group's income before income tax for the year ended December 31, 2017 and for the three months ended December 31, 2016.

Reasonably Possible Changes in USD-PHP Exchange Rates	Change in Income Before Income Tax
December 31, 2018 (One year)	
2.0% PHP appreciation	**(₱121,998)**
2.0% PHP depreciation	**121,998**
December 31, 2017 (One year)	
2.0% PHP appreciation	(₱760,737)
2.0% PHP depreciation	760,737

Reasonably Possible Changes in RMB-PHP Exchange Rates	Change in OCI
December 31, 2018 (One year)	
2.0% PHP appreciation	**(₱109,560,034)**
2.0% PHP depreciation	**109,560,034**
December 31, 2017 (One year)	
2.0% PHP appreciation	(₱8,311,819)
2.0% PHP depreciation	8,311,819

Reasonably Possible Changes in SGD-PHP Exchange Rates	Change in Income Before Income Tax
December 31, 2018 (One year)	
2.0% PHP appreciation	**(₱2,710)**
2.0% PHP depreciation	**2,710**

Sensitivity to foreign exchange rates is calculated on the Group's foreign currency denominated assets and liabilities, assuming a more likely scenario of foreign exchange rate of USD-PHP that can happen within 12 months after reporting date using the same balances of financial assets and liabilities as of reporting date.

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

Liquidity risk

Liquidity risk is the risk arising from the shortage of funds due to unexpected events or transactions. The Group manages its liquidity profile to be able to finance the capital expenditures and service the maturing debts. To cover the financing requirements, the Group intends to use internally generated funds and proceeds from debt and equity offerings.

The following table summarizes the maturity profile of the Group's financial assets and financial liabilities as of December 31, 2018 and 2017, based on contractual undiscounted cash flows. The table also analyses the maturity profile of the Group's financial assets in order to provide a complete view of the Group's contractual commitments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates.

Balances due within six (6) months equal their carrying amounts, as the impact of discounting is insignificant.

	December 31, 2018					
	On Demand	1 to 3 months	4 to 12 months	More than 1 year but less than 5 years	5 years or more	Total
Cash and cash equivalents	₱1,129,430,200	₱1,414,410,627	₱–	₱–	₱–	₱2,543,840,827
Receivables						
Trade	1,085,800,675	682,336,457	75,791,031	629,176,753	613,780,006	3,086,884,922
Affiliated companies	207,635,524	–	–	–	–	207,635,524
Others	30,590,863	167,861,293	66,474,447	–	–	264,926,603
Other assets						
Restricted cash - escrow	7,607,789,241	–	–	–	–	7,607,789,241
Utility deposits	7,831,041	–	–	558,738,138	233,442,871	800,012,050
Total financial assets	10,069,077,544	2,264,608,377	142,265,478	1,187,914,891	847,222,877	14,511,089,167
Contract assets	–	2,351,957,764	2,736,398,896	5,683,109,009	761,886,317	11,533,351,986
Total financial assets and contract assets	₱10,069,077,544	₱4,616,566,141	₱2,802,873,343	₱6,871,023,900	₱1,609,109,194	₱26,044,441,153
Accounts payable and accrued expenses	₱2,958,788,007	₱5,386,449,769	₱3,850,806,462	₱908,418,034	₱1,670,432,660	₱14,774,894,932
Payables to affiliated companies and others (included under Deposits and other current liabilities)	245,560,778	–	–	–	–	245,560,778
Deposits from lessees	–	1,326,597,382	1,332,081,610	1,847,971,470	802,800,443	5,309,450,905
Loans payable and future interest payment	–	1,450,394,536	1,057,821,292	4,509,498,021	631,982,342	7,649,696,191
Other financial liabilities	₱3,204,348,785	₱8,163,441,687	₱6,240,709,364	₱7,265,887,525	₱3,105,215,445	₱27,979,602,806

	December 31, 2017					
	On Demand	1 to 3 months	4 to 12 months	More than 1 year but less than 5 years	5 years or more	Total
Loans and receivables						
Cash and cash equivalents	₱1,379,275,821	₱696,178,702	₱–	₱–	₱–	₱2,075,454,523
Receivables						
Trade	1,074,906,493	2,579,540,392	1,659,828,584	2,577,739,263	1,198,209,309	9,090,224,041
Affiliated companies	23,419,773	–	–	–	–	23,419,773
Others	24,330,885	140,654,800	62,377,344	–	–	227,363,029
Other assets						
Utility deposits	9,989,072	–	–	635,179,895	239,165,897	884,334,864
Restricted cash - escrow	4,257,265	–	–	–	–	4,257,265
Total financial assets	₱2,516,179,309	₱3,416,373,894	₱1,722,205,928	₱3,212,919,158	₱1,437,375,206	₱12,305,053,495
Accounts payable and accrued expenses	₱2,359,183,403	₱4,629,264,792	₱4,784,396,768	₱2,814,683,963	₱1,505,456,413	₱16,092,985,339
Payables to affiliated companies and others (included under Deposits and other current liabilities)	222,937,926	–	–	–	–	222,937,926
Deposits from lessees	892,315,691	208,108,544	1,255,817,284	1,454,412,903	887,155,680	4,697,810,102
Loans payable and future interest payment	–	16,237,677,001	1,030,191,134	11,229,814,365	13,479,678,832	41,977,361,332
Other financial liabilities	₱3,474,437,020	₱21,075,050,337	₱7,070,405,186	₱15,498,911,231	₱15,872,290,925	₱62,991,094,699

The Group seeks to manage its liquidity profile to be able to service its maturing debts and to finance capital requirements. The Group maintains a level of cash and cash equivalents deemed sufficient to finance operations. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund-raising activities. Fund-raising activities may include bank loans and capital market issues both onshore and offshore.

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

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

The Group has no financial instruments with variable interest rates exposed to interest rate risk as of December 31, 2018 and 2017.

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

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

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

a. Credit risk exposure

The table below shows the gross maximum exposure to credit risk of the Group as of December 31, 2018 and 2017 without considering the effects of collaterals and other credit risk mitigation techniques:

	2018	2017
Cash and cash equivalents (net of cash on hand)	**₱2,514,810,790**	₱2,049,551,271
Receivables - net		
Trade receivables		
Installment contract receivable	**264,447,326**	7,253,408,707
Rental receivables	**1,412,745,318**	780,058,256
Accrued rent receivable	**1,256,405,124**	886,325,031
Hotel operations	**153,287,154**	170,432,047
Affiliated companies	**207,635,524**	23,419,773
Other receivables	**264,926,603**	227,363,029
Other assets		
Restricted cash - escrow	**7,607,789,241**	4,257,265
Utility deposits	**800,012,050**	884,334,864
	₱14,482,059,130	₱12,279,150,243

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

Applying the expected credit risk model did not result in the recognition of an impairment loss for all financial assets at amortized cost in 2018.

b. Risk concentrations of the maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Group's financial strength and undermine public confidence.

Given the Group's diverse base of counterparties, it is not exposed to large concentrations of credit risks.

c. Credit quality per class of financial assets

The table below shows the credit quality by class of financial assets as of December 31, 2018 and 2017, gross of allowance for credit and impairment losses:

	December 31, 2018					
	Neither Past Due Nor Impaired			**Past Due**		
	High Grade	**Standard Grade**	**Substandard Grade**	**but not Impaired**	**Past Due and Impaired**	**Total**
Cash and cash equivalents	**₱2,514,810,790**	**₱–**	**₱–**		**₱–**	**₱2,514,810,790**
Receivables:						
Trade receivables						
Installment contract receivables	**–**	**–**	**–**	**264,447,326**	**19,000,000**	**283,447,326**
Rental receivables	**694,942,129**	**–**	**–**	**717,803,189**	**13,905,027**	**1,426,650,345**
Accrued rent receivables	**1,256,405,124**	**–**	**–**	**–**	**–**	**1,256,405,124**
Hotel operations	**49,736,994**	**–**	**–**	**103,550,160**	**14,771,574**	**168,058,728**
Affiliated companies	**207,635,524**	**–**	**–**	**–**	**–**	**207,635,524**
Other receivables	**264,926,603**	**–**	**–**	**–**	**–**	**264,926,603**
Other assets						
Restricted cash - escrow	**7,607,789,241**	**–**	**–**	**–**	**–**	**7,607,789,241**
Utility deposits	**800,012,050**	**–**	**–**	**–**	**–**	**800,012,050**
	₱13,396,258,455	**₱–**	**₱–**	**₱1,085,800,675**	**₱47,676,601**	**₱14,529,735,731**

	December 31, 2017					
	Neither Past Due Nor Impaired			Past Due		
	High Grade	Standard Grade	Substandard Grade	but not Imparied	Past Due and Impaired	Total
Loans and receivables						
Cash and cash equivalents	₱2,049,551,271	₱–	₱–		₱–	₱2,049,551,271
Receivables:						
Trade receivables						
Installment contract receivables	6,855,942,934	–	–	397,465,773	19,000,000	7,272,408,707
Rental receivables	197,449,461	–	–	582,608,795	13,905,027	793,963,283
Accrued rent receivables	886,325,031	–	–		–	886,325,031
Hotel operations	75,600,122	–	–	94,831,925	14,771,574	185,203,621
Affiliated companies	23,419,773	–	–		–	23,419,773
Other receivables	227,363,029	–	–		–	227,363,029
Other assets						
Utility deposits	884,334,864	–	–		–	884,334,864
Restricted cash - escrow	4,257,265	–	–		–	4,257,265
	₱11,204,243,750	₱–	₱–	₱1,074,906,493	₱47,676,601	₱12,326,826,844

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.

34. Financial Instruments

The carrying amount of cash and cash equivalents, trade receivables (except installment contract receivables), other receivables, utility deposits, receivable and payable to affiliated companies and accounts payable and accrued expenses are approximately equal to their fair value due to the short-term nature of the transaction.

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

	December 31, 2018		December 31, 2017	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Installment contract receivable				
Measured at amortized cost	**₱283,447,326**	**₱265,449,828**	₱7,253,408,707	₱6,693,558,292
Measured at FVOCI	**785,221,675**	**785,221,675**	1,569,530,440	1,591,198,742
Deposits from lessees	**5,309,450,905**	**4,570,524,401**	4,697,810,102	4,272,486,127
Loans payable	**37,385,239,001**	**7,649,696,191**	51,354,562,154	41,977,361,332

The fair values of installment contract receivables, customers' deposits and loans payable are based on the discounted value of future cash flows using the applicable rates for similar types of loans and receivables as of reporting date. The discount rates used range from 6.8% to 7.0% as of December 31, 2018 and 3.0% to 4.7% as of December 31, 2017.

Fair Value Hierarchy

The Group uses the following hierarchy for determining the fair value of financial instruments:

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

Level 2: - other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: - techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The fair value of installment contracts receivables, deposits from lessees and loans payable disclosed in the consolidated financial statements is categorized within level 3 of the fair value hierarchy. There has been no reclassification from Level 1 to Level 2 or 3 category.

35. Registration with the Board of Investments (BOI) and the Philippine Economic Zone Authority (PEZA)

Certain operations of the Group are registered with the BOI and PEZA as preferred pioneer and non-pioneer activities. As registered enterprises, these consolidated subsidiaries are subject to some requirements and are entitled to certain tax and non-tax incentives which are considered in the computation of the provision for income tax.

Go Hotel, Dumaguete
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 "New Operator of Tourist Accommodation Facility (Hotel- Go Hotel, Dumaguete)" on a Non-Pioneer status at a capacity of one hundred two (102) rooms, under Certificate of Registration No. 2012-020 dated February 1, 2012. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from February 2012 to February 2016.

Go Hotel, Bacolod
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 "New Operator of Tourist Accommodation Facility (Hotel- Go Hotel, Bacolod)" on a Non-Pioneer status at a capacity of one hundred eight (108) rooms, under Certificate of Registration No. 2012-039 dated March 13, 2012. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from July 2012 to July 2016.

Go Hotel, Palawan
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 "New Operator of Tourist Accommodation Facility (Hotel- Go Hotel, Palawan)" on a Non-Pioneer status at a capacity of one hundred eight (108) rooms, under Certificate of Registration No. 2012-017 dated January 25, 2012. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from February 2012 to February 2016.

Go Hotel, Tacloban
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 "New Operator of Tourist Accommodation Establishment (Hotel- Go Hotel, Tacloban)" on a Non-Pioneer status at a capacity of ninety eight (98) rooms, under Certificate of Registration No. 2011-250 dated November 23, 2011. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from April 2012 to April 2016.

Go Hotel, Iloilo
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 "New Operator of Tourist Accommodation Establishment (Hotel - Go Hotel, Iloilo)" on a Non-Pioneer status at a capacity of one hundred sixty seven (167) rooms, under Certificate of Registration No. 2014-016 dated January 29, 2014. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from January 2014 to January 2018.

Go Hotel, Butuan
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “New Operator of Tourist Accommodation Establishment (Hotel - Go Hotel, Butuan)” on a Non-Pioneer status at a capacity of one hundred four (104) rooms, under Certificate of Registration No. 2014-214 dated December 5, 2014. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from January 2015 to December 2019.

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

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

Escalades East Tower
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “Mass Housing” on a Non-Pioneer status at a capacity of two hundred twenty six (226) units, under Certificate of Registration No. 2014-197 dated November 6, 2014. Under the terms of its registration, the Group is entitled to income tax holiday for a period of three (3) years from November 10, 2014 to November 9, 2017.

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

The Pearl Place - Tower B
The Parent Company is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “Mass Housing” on a Non-Pioneer status at a capacity of four hundred forty six (446) units, under Certificate of Registration No. 2016-159 dated August 3, 2016. Under the terms of its registration, the Group is entitled to income tax holiday for a period of three (3) years from October 2016 to October 2019.

Acacia Escalades-(Phase 2)-Building B
The Parent Company is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 “Mass Housing” on a Non-Pioneer status at a capacity of two hundred eighty-six (286) units, under Certificate of Registration No. 2016-264 dated December 22, 2016. Under the terms of its registration, the Group is entitled to income tax holiday for a period of three (3) years from January 2018 to January 2021.

Axis Residences (Phase 1)-Tower B
The Parent Company is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 "Mass Housing" on a Non-Pioneer status at a capacity of four hundred fifty-six (456) units, under Certificate of Registration No. 2016-263 dated December 22, 2016. Under the terms of its registration, the Group is entitled to income tax holiday for a period of three (3) years from August 2018 to August 2021.

Go Hotels Davao, Inc.
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 "New Operator of Tourist Accommodation Facility (Go Hotels Lanang - Davao City)" on a Non-Pioneer status at a capacity of one hundred eighty three (183) rooms, under Certificate of Registration No. 2015-266 dated December 3, 2015. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from January 2016 to December 2019.

Summit Hotel Tacloban
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 "New Operator of Tourist Accommodation Facility (Summit Hotel Tacloban)" on a Non-Pioneer status at a capacity of one hundred thirty eight (138) rooms, under Certificate of Registration No. 2017-236 dated August 16, 2017. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from April 2018 to March 2022.

Go Hotel, Iligan
The Group is duly registered with the BOI under Book 1 of the Omnibus Investments Code of 1987, otherwise known as E.O. 226 "New Operator of Tourist Accommodation Establishment (Hotel - Go Hotel, Iligan)" on a Non-Pioneer status at a capacity of one hundred (100) rooms, under Certificate of Registration No. 2017-235 dated August 16, 2017. Under the terms of its registration, the Group is entitled to income tax holiday for a period of four (4) years from April 2018 to March 2022.

Robinsons Cyberpark
The Group is also registered with PEZA (beginning October 1, 2004) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as "The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations" and PEZA Board Resolution No. 00-262 dated August 17, 2003, for creating and designating 68,596 square meters of land located at EDSA corner Pioneer Street, Mandaluyong City as an IT Park to be known as The Robinsons Cyberpark. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Robinsons Cybergate Center
The Group is also registered with PEZA (beginning February 8, 2006) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as "The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations" and PEZA Board Resolution No. 00-262 dated August 17, 2003, for creating and designating 11,125 square meters of land located at Araneta Singcang St., Barrio Tangub, National Road, Bacolod City, Negros Occidental as an IT Park to be known as The Robinsons Cybergate Center. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Robinsons Place Lipa

The Group is also registered with PEZA (beginning November 3, 2006) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as "The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations" and PEZA Board Resolution No. 00-262 dated August 17, 2003, for creating and designating 65,399 square meters of land located at JP Laurel Highway, Mataas na Lupa, Lipa City, Batangas as an IT Park to be known as The Robinsons Place Lipa. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Robinsons Big Supercenter Cainta Junction

The Group is also registered with PEZA (beginning October 28, 2005) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as "The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations" and PEZA Board Resolution No. 00-262 dated August 17, 2003, for creating and designating 19,522 square meters of land located at Ortigas Avenue Extension, Cainta Junction, Cainta, Rizal as an IT Park to be known as The Robinsons Cyberpark. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Robinsons Luisita

The Group is also registered with PEZA (beginning January 5, 2017) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as "The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations" and PEZA Board Resolution No. 16-694 dated December 9, 2016, for the construction of an additional floor area of 6,306 square meters, more or less, for annexation to the existing Robinsons Luisita IT Center located along McArthur Highway, San Miguel, Tarlac City. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Robinsons Cybergate Naga

The Group is also registered with PEZA (beginning May 12, 2017) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as "The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations" and PEZA Board Resolution No. 15-715 dated December 17, 2015, for creating and designating a building, which stands on a 24,807-square meter, more or less, lot located at Naga Diversion Road corner Almeda Highway, Brangay Triangulo, Naga City as an IT Center, to be known as Robinsons Cybergate Naga. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Robinsons Cyberpark Davao

The Group is also registered with PEZA (beginning October 3, 2017) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as "The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations" and PEZA Board Resolution No. 16-377 dated June 28, 2016, for creating and designating 12,022 square meters, more or less, of land located along J.P. Laurel Avenue, Davao City as an IT Park, to be known as Robinsons Cyberpark Davao. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Robinsons Galleria Cebu
The Group is also registered with PEZA (beginning July 12, 2013) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as "The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations" and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 12-001 dated January 17, 2012, for creating and designating a building with an area of 46,345 square meters, more or less, located at General Maxilom Avenue, Cebu City as Information Technology (IT) Center, to be known as Robinsons Galleria Cebu. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives under RA 7916, as amended.

Robinsons Place Ilocos Norte Expansion
The Group is also registered with PEZA (beginning May 28, 2016) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as "The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations" and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 15-271 dated May 13, 2016, for creating and designating a building located at Barangay 1 San Francisco, San Nicolas, Ilocos Norte, with an aggregate land area of 26,537 square meters, more or less, as Information Technology (IT) Center, to be known as Robinsons Place Ilocos Norte Expansion. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime.

Cyberscape Gamma
The Group is also registered with PEZA (beginning July 16, 2015) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as "The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations" and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 15-377 dated January 16, 2015, for creating and designating a building which stands on a 1,954.50 square meters, more or less, lot located at Topaz and Ruby Roads, Ortigas Center, Pasig City as Information Technology (IT) Center, to be known as Cyberscape Gamma. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives.

Robinsons Starmills Pampanga
The Group is also registered with PEZA (beginning September 11, 2007) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as "The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations" and PEZA Board Resolution No. 06-544 dated November 28, 2006, for creating and designating a building established on parcels of land containing an aggregate area of 238,324 square meters, more or less, located at Gapan-Olongapo Road, Brgy. San Jose, San Fernando, Pampanga as an Information Technology (IT) Center, to be known as Robinsons Starmills Pampanga. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives.

On May 23, 2017, the Group also registered for the construction, operation, and management of a 6-level building with a gross floor area of 12,503.25 square meters to be annexed into its existing Robinsons Starmills Pampanga IT Center under resolution No. 17-276. Under the terms of its registration, the Group is entitled to certain tax and nontax incentives which include, among others, 5% special tax regime

JG Summit Center
The Group is also registered with PEZA (beginning September 1, 2006) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as "The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations" and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 04-387 dated November 22, 2004, for creating and designating a building which stands on two parcels of land with an aggregate area of 2,430 square meters, more or

less, lot located at 6783 Ayala Avenue, Salcedo Village, Barangay Bel-Air, Makati City, as Information Technology (IT) Building, to be known as JG Summit Center. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives.

Robinsons Equitable Tower
The Group is also registered with PEZA (beginning July 21, 2003) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as "The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations" and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 03-129 dated May 28, 2003, for creating and designating a 2,832 square meters parcel of land with an existing 43 storey condominium office building, located at ADB Avenue corner Poveda Street, Pasig city, as an Information Technology (IT) Zone to be known as Robinsons Equitable Tower. Under the terms of its registration, the Group, as the Developer/Operator of the IT Zone, shall not be entitled to PEZA incentives.

Cyberscape Alpha
The Group is also registered with PEZA (beginning January 4, 2013) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as "The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations" and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 11-665 dated November 25, 2011, for creating and designating a building located at Sapphire and Garnet Roads, Ortigas Center, Pasig City, as Information Technology (IT) Center, to be known as Cyberscape Alpha. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives.

Cyberscape Beta
The Group is also registered with PEZA (beginning November 22, 2012) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as "The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations" and PEZA Board Resolution No. 11-624 dated November 8, 2011, for creating and designating a building located at Topaz and Ruby Roads, Ortigas Center, Pasig City, containing an area of 1,955 square meter, more or less (a portion of Lot 2-C) as an Information Technology (IT) Center, henceforth to be known as Cyberscape Beta. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives.

Robinsons Cybergate Cebu
The Group is also registered with PEZA (beginning October 28, 2009) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as "The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations" and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 08-312 dated June 26, 2008, for creating and designating 4,772 square meter, more or less, of land located at Don Gil Street, Barangay Capitol Site, Cebu City, as an Information Technology Center, to be known as Robinsons Cybergate Cebu. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives.

Bridgetowne
The Group is also registered with PEZA (beginning June 26, 2015) as a pioneer enterprise under the Section 6 of Republic Act No. 7916, otherwise known as "The Special Economic Zone Act of 1995, as amended, its Implementing Rules and Regulations" and PEZA Board Resolution Nos. 00-411 dated December 29, 2000 and 13-182 dated March 22, 2013, for creating and designating several parcels of land located along C-5 Road, Ugong Norte, Quezon City, with an aggregate area of 79,222 square meters as Information Technology (IT) Park, to be known as Bridgetowne. Under the terms of its registration, the Group, as the Developer/Operator of the IT Center, shall not be entitled to PEZA incentives.

36. Commitments and Contingencies

Operating Lease Commitments - Group as Lessee
The Group entered into long-term operating leases of land with lease terms ranging from 25 to 50 years. Total rent expense amounted to ₱246 million, ₱52 million and ₱44 million for the years ended December 31, 2018, 2017 and for the three months ended December 31, 2016, respectively. There is no contingent rent. Future minimum rentals payable under noncancellable operating leases are as follows:

	December 31	
	2018	2017
Within one (1) year	**₱128,337,691**	₱92,616,575
After one (1) year but not more than five (5) years	**589,327,721**	414,556,934
After more than five (5) years	**5,953,173,907**	5,823,064,725
	₱6,670,839,319	₱6,330,238,234

Operating Lease Commitments - Group as Lessor
The Group has entered into commercial property leases on its investment property portfolio. These noncancellable leases have remaining noncancellable lease terms of between 1 and 10 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions. The lease contracts also provide for the percentage rent, which is a certain percentage of actual monthly sales or minimum monthly gross sales, whichever is higher. Total rent income amounted to ₱13,548 million, ₱11,582 million and ₱2,718 million for the years ended December 31, 2018, 2017 and for the three months ended December 31, 2016, respectively. Total percentage rent recognized as income for the years ended December 31, 2018, 2017 and for the three months ended December 31, 2016 amounted to ₱3,515 million, ₱3,067 million and ₱751 million, respectively.

Future minimum rentals receivable under noncancellable operating leases follows:

	December 31	
	2018	2017
Within one (1) year	**₱11,590,512,976**	₱6,263,952,404
After one (1) year but not more than five (5) years	**17,971,125,898**	8,250,489,462
After more than five (5) years	**2,377,232,451**	923,369,939
	₱31,938,871,325	₱15,437,811,805

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

Future minimum lease payments under finance lease with the present value of future minimum lease payment as of December 31, 2018 and 2017 follow:

	December 31, 2018	
	Minimum Lease Payments	**Present Value of Minimum Lease Payments**
Within one (1) year	**₱552,580,889**	**₱517,494,745**
After one (1) year but not more than five (5) years	**302,637,036**	**247,180,550**
After more than five (5) years	**81,800,866**	**58,213,995**
Total minimum lease payments	**₱937,018,791**	**₱822,889,290**

	December 31, 2017	
	Minimum Lease Payments	Present Value of Minimum Lease Payments
Within one (1) year	₱311,429,745	₱302,265,068
After one (1) year but not more than five (5) years	270,312,270	238,254,749
After more than five (5) years	72,498,624	57,502,961
Total minimum lease payments	₱654,240,639	₱598,022,778

Capital Commitments
The Group has contractual commitments and obligations for the construction and development of investment properties and property and equipment items aggregating ₱7,219 million and ₱15,742 million as of December 31, 2018 and 2017, respectively. Moreover, the Group has contractual obligations amounting to ₱5,646 million and ₱1,411 million as of December 31, 2018 and 2017, respectively, for the completion and delivery of real estate units that have been presold.

Contingencies
The Group has various collection cases or claims against or from its customers and certain tax assessments, arising in the ordinary conduct of business which are either pending decision by the courts or being contested, the outcome of which are not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Group's financial position and results of operations. The Group does not believe that such assessments will have a material effect on its operating results and financial condition. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the outcome of pending assessments.

37. Notes to the Consolidated Statements of Cash Flows

Noncash investing activities pertain to the following:

- Transfers from investment properties to subdivision land, condominium and residential units for sale amounting to P114 million for the year ended December 31, 2018 and transfers from subdivision land, condominium and residential units for sale to investment properties amounting to ₱1,017 million for the year ended December 31, 2017;
- Transfers from other current assets to investment properties amounting to nil and ₱758 million and for the year ended December 31, 2018 and 2017, respectively;
- Transfers from other current assets to property and equipment amounting to ₱532 million for the three months ended December 31, 2016;
- Transfers from subdivision land, condominium and residential units for sale to property and equipment amounting to ₱38 million ₱50 million for the years ended December 31, 2017 and 2016, respectively.
- Transfers from investment properties to property and equipment amounting to ₱43 million for the year ended December 31, 2016;
- Transfers from investment properties to subdivision land, condominium and residential units for sale amounting to ₱113 million for the year ended December 31, 2016.

Details of the movement in cash flows from financing activities follow:

	For the Year Ended December 31, 2018					
			Non-cash Changes			
	January 1, 2018	Cash flows	Foreign exchange movement	Changes on fair values	Other	December 31, 2018
Loans payable	₱35,661,162,154	₱858,890,076	₱–	₱–	(₱31,513,229)	₱36,488,539,001
Short term loans	15,693,400,000	(14,796,700,000)	–	–	–	896,700,000
Advances for marketing and promotional fund and others	445,815,349	(2,929,317)	–	–	–	442,886,032
Accrued interest payable	370,835,301	(853,111,456)	–	–	804,599,033	322,322,878
Payables to affiliated companies and others	222,937,926	53,870,732	–	–	–	276,808,658
Dividends payable	40,990,210	(1,867,464,936)	–	–	1,869,779,047	43,304,321
Total liabilities from financing activities	₱52,435,140,940	(₱16,607,444,901)	₱–	₱–	₱2,642,864,851	₱38,470,560,890

	For the Year Ended December 31, 2017					
			Non-cash Changes			
	January 1, 2017	Cash flows	Foreign exchange movement	Changes on fair values	Other	December 31, 2017
Loans payable	₱23,361,477,678	₱12,272,763,710	₱–	₱–	₱26,920,766	₱35,661,162,154
Short term loans	16,010,000,000	(316,600,000)	–	–	–	15,693,400,000
Advances for marketing and promotional fund and others	448,744,666	(2,929,317)	–	–	–	445,815,349
Accrued interest payable	356,881,319	(764,240,887)	–	–	778,194,869	370,835,301
Payables to affiliated companies and others	169,067,194	53,870,732	–	–	–	222,937,926
Dividends payable	16,021,302	(1,448,810,138)	–	–	1,473,779,046	40,990,210
Total liabilities from financing activities	₱40,362,192,159	₱9,794,054,100	₱–	₱–	₱2,278,894,681	₱52,435,140,940

Other includes amortization of debt issue cost, declaration of dividends and accrual of interest expense on loans.

38. **Events After the Reporting Period**

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 RLC 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. RLC and DMCI PDI have agreed to put in an initial capitalization of ₱500 million each.

SGV
Building a better working world

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BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES**

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

We have audited in accordance with Philippine Standards on Auditing, the accompanying consolidated financial statements of Robinsons Land Corporation and its subsidiaries (the Group) as at December 31, 2018 and 2017 and for the years ended December 31, 2018 and 2017 and for the three months ended December 31, 2016 have issued our report thereon dated April 3, 2019. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Securities Regulation Code Rule 68, As Amended (2011), and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Ysmael S. Acosta
Partner
CPA Certificate No. 0112825
SEC Accreditaton No. 1744-A (Group A),
March 14, 2019, valid until March 13, 2022
Tax Identification No. 301-106-775
BIR Accreditation No. 08-001998-130-2018,
February 9, 2018, valid until February 8, 2021
PTR No. 7332516, January 3, 2019, Makati City

April 3, 2019

ROBINSONS LAND CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED ON SRC RULE 68 AND 68.1 AS AMENDED

DECEMBER 31, 2018

Philippine Securities and Exchange Commission (SEC) issued the amended Securities Regulation Code Rule SRC Rule 68 and 68.1 which consolidates the two separate rules and labeled in the amendment as "Part I" and "Part II", respectively. It also prescribed the additional information and schedule requirements for issuers of securities to the public.

Below are the additional information and schedules required by SRC Rule 68 and 68.1 as amended that are relevant to the Group. This information is presented for purposes of filing with the SEC and is not required part of the basic financial statements.

<u>Schedule A. Financial Assets in Equity Securities</u>
The Group does not have financial assets classified under available-for-sale, fair value through profit or loss and held to maturity as of December 31, 2018.

<u>Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (other than related parties)</u>
The Group does not have Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (other than related parties) above ₱100,000 as of December 31, 2018.

<u>Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements</u>
Below is the schedule of receivables (payables) with related parties which are eliminated in the consolidated financial statements as of December 31, 2018:

	Volume of Transactions		Receivable	Terms
Robinsons Properties Marketing and Management Corporation (RPMMC)	Share in expenses	(₱155,101,986)	₱58,009,893	Non-interest bearing and to be settled within one year
Altus Angeles, Inc. (AAI)	Advances	(27,939,740)	27,643,498	Non-interest bearing and to be settled within one year
Altus San Nicolas Corp (ASNC)	Advances	(22,599,101)	1,191,157	Non-interest bearing and to be settled within one year
Purchase of investment property			283,020,984	Non-interest bearing and to be settled within one year
Lingkod Pinoy Bus Liner, Inc. (LPBL)	Sale of Lingkod Pinoy	(49,727,238)	-	Non-interest bearing and to be settled within one year
GoHotels Davao, Inc. (GHDI)	Share in expenses	1,689,427	2,157,286	Non-interest bearing and to be settled within one year
Robinsons Realty and Management Corporation (RRMC)	Share in Expenses	17,782	623,964	Non-interest bearing and to be settled within one year
Bonifacio Property Ventures, Inc. (BPVI)	Advances	2,021,260	2,021,260	Non-interest bearing and to be settled within one year
RLC Resources Limited (RLCRL)	Advances	(1,126,732)	-	Non-interest bearing and to be settled within one year
		(₱252,766,328)	₱374,668,042	

	Balance at beginning of period	Additions	Collections	Balance at end of period
RPMMC	₱213,111,879	₱-	(₱155,101,986)	₱58,009,893
AAI	55,583,238	–	(27,939,740)	27,643,498
ASNC	333,680,668	–	(49,468,527)	284,212,141
LPBL	49,727,238	–	(49,727,238)	–
GHDI	467,859	–	(467,859)	–
RRMC	606,182	1,551,104	–	2,157,286
BPVI	–	2,021,260	–	2,021,260
RLCRL	1,126,732	–	(502,768)	623,964
	₱654,303,796	₱ 3,572,364	(₱283,208,118)	₱374,668,042

The intercompany transactions between the Parent Company and the subsidiaries pertain to share in expenses, marketing fees and advances for cost of equipment. There were no amounts written-off during the year and all amounts are expected to be settled within the year.

Related Party Transactions

Due from related parties

Below is the list of outstanding receivable from related parties of the Group presented in the consolidated statements of financial position as of December 31, 2018:

	Nature	Balance at end of period
Under common control of Ultimate Parent Company		
Robinsons Recreation Corporation	B	₱11,334,271
Universal Robina Corporation	A	1,543,831
JG Summit Capital Markets Corporation	A	1,520,227
Robinsons Savings Bank	A	–
Express Holdings, Inc.	A	973,513
Oriental Petroleum & Mining Corp.	A	754,095
Robinsons Pharmacies, Inc.	A	586,618
Others	A, B	922,969
Joint ventures in which the Parent Company is a venturer		
Shang Robinsons Properties, Inc.	C	4,090,554,875
RHK Land Corporation	D	190,000,000
		₱4,298,190,399

Other receivables from affiliates account consist primarily of receivables from Robinsons Handyman, Inc., Cebu Pacific and other affiliates.

Nature of intercompany transactions

The nature of the intercompany transactions with the related parties is described below:

(a) Expenses - these pertain to the share of the Group's related parties in various common selling and marketing and general and administrative expenses.
(b) Advances - these pertain to temporary advances to/from related parties for working capital requirements.
(c) Sale of land – this pertains to the receivable from the sale of land to the joint venture.
(d) Shareholders' loan – this pertains to the loan extended to the joint venture in accordance with the joint venture agreement.

The outstanding balances of intercompany transactions are due and demandable as of December 31, 2018.

Schedule D. Intangible Assets

The Group does not have intangible assets as of December 31, 2018.

Schedule E. Long-term debt

Below is the schedule of long-term debt of the Group as of December 31, 2018:

	Amount	Current	Noncurrent
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 upon maturity, with fixed rate at 4.7500%, interest payable quarterly in arrears.	7,000,000,000	–	7,000,000,000
Five-year term loan from BDO Unibank, Inc. maturing on July 8, 2021. Principal payable upon maturity, with fixed rate at 3.8327%, interest payable quarterly in arrears.	6,500,000,000	–	6,500,000,000
Seven-year term loan from BPI maturing on August 10, 2023. Principal payable in annual installment amounting to ₱10 million for six years and the balance upon maturity, with fixed rate at 3.8900%, interest payable quarterly in arrears.	4,980,000,000	–	4,980,000,000
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	4,495,000,000	–	4,495,000,000
Ten-year bonds from BDO and Standard Chartered maturing on February 23, 2025. Principal payable upon maturity, with fixed rate at 4.9344%, interest payable semi-annually in arrears.	1,364,500,000	–	1,364,500,000
Five-year loan maturing in August 2022. Principal of RMB216 million as of December 31, 2018 and RMB60 million as of December 31, 2017, payable upon maturity, with fixed rate at 4.7500%.	1,651,127,328	–	1,651,127,328
	₱36,626,127,328	₱–	₱36,626,127,328

Schedule F. Indebtedness to Related Parties (Long term Loans from Related Companies)

Below is the list of outstanding payables to related parties of the Group presented in the consolidated statements of financial position as of December 31, 2018:

	Relationship	Nature	Balance at beginning of period	Balance at end of period
Westpoint Industrial Mills	Under common control of the Ultimate Parent Company	A	₱22,753,985	₱22,753,985
JG Summit Holdings, Inc.	Ultimate Parent Company	A, C	4,998,331,125	201,313,407
Others	Under common control of the Ultimate Parent Company	A, B	7,434,103	7,733,386
			₱5,028,519,213	₱231,800,778

Others consist of payables to Robinsons Department Store, Robinsons Supermarket and Robinsons Savings Bank, among others

Due to JG Summit Holdings, Inc. mainly due to share in IT and corporate expenses.

Nature of intercompany transactions
The nature of the intercompany transactions with the related parties is described below:

(a) Expenses - these pertain to the share of the Group's related parties in various common selling and marketing and general and administrative expenses.
(b) Advances - these pertain to temporary advances to/from related parties for working capital requirements
(c) Management and marketing fee

The outstanding balances of intercompany transactions are due and demandable as of December 31, 2018.

Schedule G. Guarantees of Securities of Other Issuers
The Group does not have guarantees of securities of other issuers as of December 31, 2018.

Schedule H. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, Officers and Employees	Others
Common Shares	8,200,000,000	5,193,830,685	–	3,166,806,886	16,739,176	2,010,284,623

ROBINSONS LAND CORPORATION AND SUBSIDIARIES

RECONCILIATION OF UNAPPROPRIATED RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION DECEMBER 31, 2018

Unappropriated Retained Earnings, beginning, as previously reported	**₱16,964,627,458**
Effect of the adoption of PFRS 15	84,325,424
Unappropriated Retained Earnings, beginning, as restated	**17,048,952,882**
Adjustments:	
Other unrealized expense as a result of transactions accounted for under PFRS:	
Straight line adjustment for rental expense (PAS 17)	1,539,350,222
Discounting effect on installment contract receivable (PAS 39)	871,068,298
Straight line adjustment rental income (PAS 17)	(883,254,992)
Discounting effect on security deposits (PAS 39)	(769,336)
Unappropriated Retained Earnings as adjusted, beginning	18,575,347,074
Net income actually earned/realized during the year	
Net income during the year closed to Retained Earnings	9,218,999,087
Less: Non-actual/unrealized income, net of tax	
Equity in net income of associate/joint venture	
Unrealized foreign exchange gain - net	
Unrealized actuarial gain	
Fair value adjustment (M2M gains)	
Fair value adjustment of Investment Property resulting to gain	
Adjustment due to deviation from PFRS/GAAP - gain	
Other unrealized expense or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS:	
Straight line adjustment for rental expense (PAS 17)	109,995,606
Discounting effect on installment contract receivable (PAS 39)	215,595,947
Straight line adjustment rental income (PAS 17)	(368,550,619)
Discounting effect on security deposits (PAS 39)	(13,088,378)
Add: Non-actual losses	
Movements in deferred tax assets	
Depreciation on revaluation increment (after tax)	
Adjustment due to deviation from PFRS/GAAP - loss	
Loss on fair value adjustment of investment property (after tax)	
	9,162,951,643
Less: Cash dividend declaration during the year	(1,869,779,047)
Reversal of appropriation	24,500,000,000
Additional appropriation during the year	(27,000,000,000)
Total Unappropriated Retained Earnings Available For Dividend Distribution, December 31, 2018	**₱23,368,519,670**

ROBINSONS LAND CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF ALL THE EFFECTIVE STANDARDS AND INTERPRETATIONS

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
Philippine Financial Reporting Standards				
PFRS 1	First-time Adoption of Philippine Financial Reporting Standards			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2, Classification and Measurement of Share-based Payment Transactions			✓
PFRS 3	Business Combinations			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PFRS 4, Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments	✓		
PFRS 10	Consolidated Financial Statements	✓		
PFRS 11	Joint Arrangements	✓		
PFRS 12	Disclosure of Interests in Other Entities	✓		
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts		✓	
PFRS 15	Revenue from Contracts with Customers	✓		
Philippine Accounting Standards				
PAS 1	Presentation of Financial Statements	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 12	Income Taxes	✓		
PAS 16	Property, Plant and Equipment	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
PAS 17	Leases	✓		
PAS 19	Employee Benefits	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
PAS 23	Borrowing Costs	✓		
PAS 24	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans	✓		
PAS 27	Separate Financial Statements	✓		
PAS 28	Investments in Associates and Joint Ventures	✓		
	Amendments to PAS 28, Measuring an Associate or Joint Venture at Fair Value (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Presentation	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
PAS 40	Investment Property	✓		
	Amendments to PAS 40, Transfers of Investment Property	✓		
PAS 41	Agriculture			✓
Philippine Interpretations				
Philippine Interpretation IFRIC-1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
Philippine Interpretation IFRIC-2	Members' Shares in Co-operative Entities and Similar Instruments			✓
Philippine Interpretation IFRIC-4	Determining whether an Arrangement contains a Lease	✓		
Philippine Interpretation IFRIC-5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
Philippine Interpretation IFRIC-6	Liabilities arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment			✓
Philippine Interpretation IFRIC-7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
Philippine Interpretation IFRIC-10	Interim Financial Reporting and Impairment	✓		
Philippine Interpretation IFRIC-12	Service Concession Arrangements			✓
Philippine Interpretation IFRIC-14	PAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
Philippine Interpretation IFRIC-16	Hedges of a Net Investment in a Foreign Operation			✓
Philippine Interpretation IFRIC-17	Distributions of Non-cash Assets to Owners			✓
Philippine Interpretation IFRIC-19	Extinguishing Financial Liabilities with Equity Instruments			✓
Philippine Interpretation IFRIC-20	Stripping Costs in the Production Phase of a Surface Mine			✓
Philippine Interpretation IFRIC-21	Levies			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
Philippine Interpretation IFRIC-22	Foreign Currency Transactions and Advance Consideration	✓		
Philippine Interpretation SIC-7	Introduction of the Euro			✓
Philippine Interpretation SIC-10	Government Assistance—No Specific Relation to Operating Activities			✓
Philippine Interpretation SIC-15	Operating Leases—Incentives	✓		
Philippine Interpretation SIC-25	Income Taxes—Changes in the Tax Status of an Entity or its Shareholders			✓
Philippine Interpretation SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
Philippine Interpretation SIC-29	Service Concession Arrangements: Disclosures			✓
Philippine Interpretation SIC-32	Intangible Assets—Web Site Costs			✓

Financial Soundness Indicator

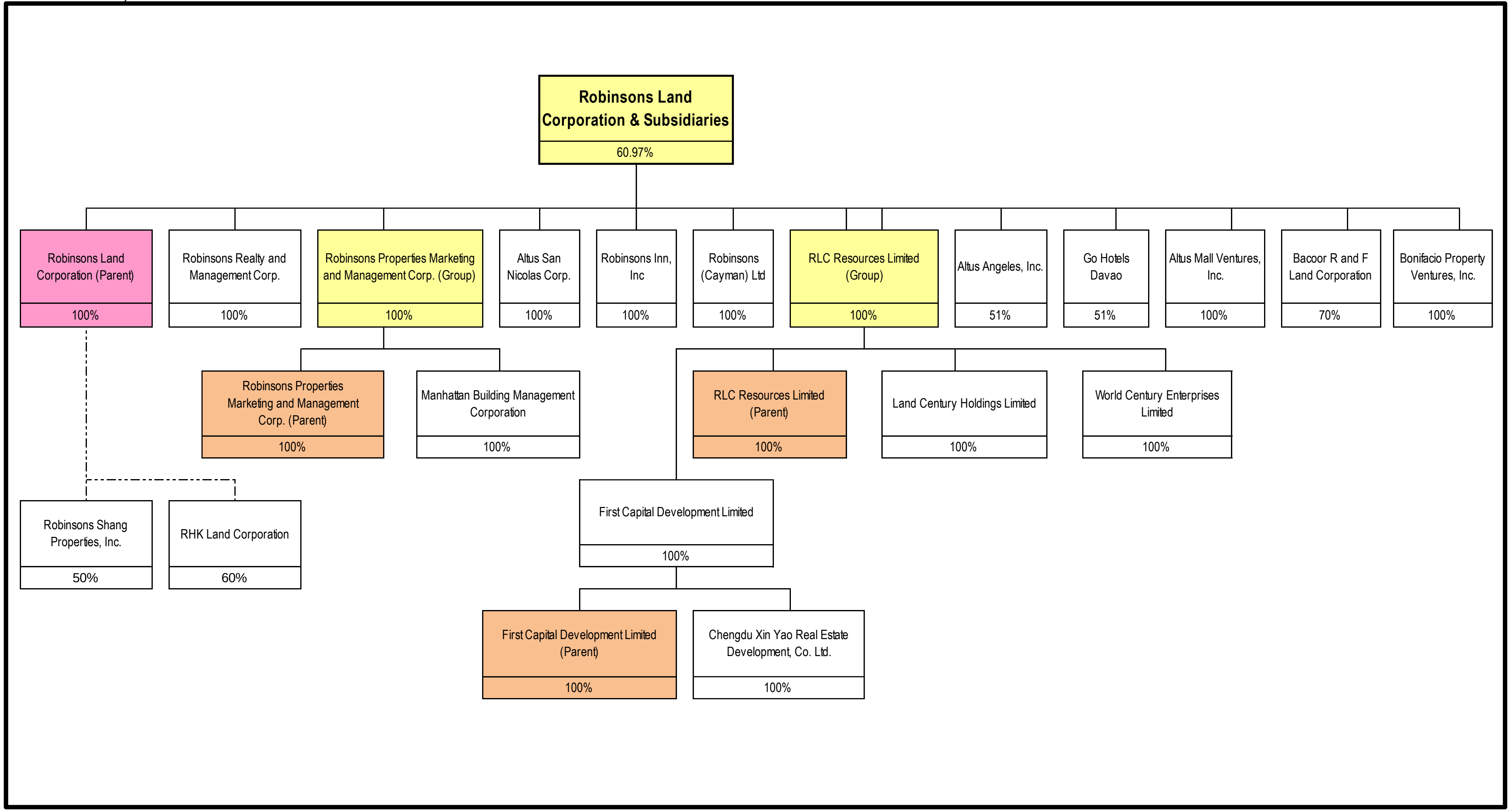
Below are the financial ratios that are relevant to the Group for the year ended December 31, 2018 and 2017:

Financial ratios		2018	2017
Net book value per share	Equity attributable to equity holders of the Parent Company / Outstanding shares	18.00	16.39
Current ratio	Total Current Assets / Total Current Liabilities	1.65	1.20
Debt to equity ratio	Total Loans Payable / Total Equity	0.40	0.76
Asset to equity ratio	Total Assets / Total Equity	1.85	2.20

		December 31,		
Financial ratios		2018 (One Year)	2017 (One Year)	2016 (Three Months)
Earnings per share	Net income attributable to equity holders of Parent Company / Weighted average number of common shares outstanding	1.62	1.44	0.31
Interest coverage ratio	EBIT / Interest expense	6.71	4.72	5.41
Operating margin ratio	Operating income (EBIT) / Revenue	0.40	0.38	0.35

Map of the Relationships of the Company within the Group

Below is a map showing the relationship between and among the Group and its ultimate parent company, subsidiaries, and associates as of Decmber 31, 2018:



INDEX TO EXHIBITS

Form 17-A

∗ These exhibits are either not applicable to the Company or require no answer.

EXHIBIT 18: **SUBSIDIARIES OF THE REGISTRANT**

Robinsons Land Corporation has nine subsidiaries as of December 31, 2018:

		% OWNERSHIP		COUNTRY OF
SUBSIDIARY	**BUSINESS**	**DIRECT**	**EFFECTIVE**	**INC. OR RESIDENCE**
Robinson's Inn, Inc. [1]	Apartelle Operation	100	-	Philippines
Robinsons Realty and Management Corporation	Property development	100	-	Philippines
Robinsons (Cayman) Limited	Property development	100	-	Cayman Islands
. Robinsons Properties Marketing and Management Corporation	Marketing of office and residential units	100	-	Philippines
Altus Angeles, Inc.	Property management	51	-	Philippines
Altus Mall Ventures, Inc.	Property management	100	-	Philippines
Altus San Nicolas Corp.	Property management	100	-	Philippines
GoHotels Davao, Inc.	Hotel Operation	51	-	Philippines
RLC Resources Ltd.	Property management	100	-	British Virgin Islands
Bonfacio Property Ventures, Inc.	Property management	100	-	Philippines
Bacoor R and F Land Corporation	Property management	70	-	Philippines

[1] *Closed operations effective August 31, 2007*