



November 8, 2021

CERTIFICATION

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

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

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

The information contained in 2021 SEC Form 17-Q (Quarterly Report) with attached unaudited consolidated financial statements for the period ended September 30, 2021, submitted on November 8, 2021 online is true and correct to the best of my knowledge.

I am executing this certification on November 8, 2021 to attest to the truthfulness of the foregoing facts and for whatever legal purpose it may serve.


KERWIN MAX S. TAN
Authorized Representative

SEC Number 93269-A
File Number _____

**ROBINSONS LAND CORPORATION
AND SUBSIDIARIES**

(Company's Full Name)

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

(Company's Address)

8397-1888

(Telephone Number)

September 30, 2021

(Quarter Ended)

SEC Form 17-Q

(Form Type)

Amendment Designation (If applicable)

CN 000452R - Listed

(Secondary License Type and File Number)

COVER SHEET

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SEC Registration Number

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(Company's Full Name)

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(Business Address: No. Street City/Town/Province)

Kerwin S. Tan

(Contact Person)

8397-1888

(Company Telephone Number)

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Month Day
(Fiscal Year)

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(Form Type)

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Month Day
(Annual Meeting)

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(Secondary License Type, If Applicable)

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

--

Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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TABLE OF CONTENTS

<u>DOCUMENT</u>	<u>PAGE NUMBER</u>
SEC Form 17-Q	1 - 3
Management Discussion and Analysis of Financial Condition and Results of Operations (Exhibit I)	4 - 6
Interim Financial Statements (Exhibit II)	
Financial Statements Cover	7
Unaudited Interim Consolidated Statements of Financial Position	8
Unaudited Interim Consolidated Statements of Comprehensive Income	9
Unaudited Consolidated Statements of Changes in Equity	10
Unaudited Consolidated Statements of Cash Flows	11
Notes to Unaudited Consolidated Financial Statements	12 – 65
Aging of Receivables	66
Financial Soundness Indicator	67

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended September 30, 2021

2. Commission identification number 93269-A

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

4. Exact name of issuer as specified in its charter

ROBINSONS LAND CORPORATION

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

MANILA, PHILIPPINES

6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office

Postal Code

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

8. Issuer's telephone number, including area code

8397-1888

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

Not applicable

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

Title of each Class

Number of shares of common
stock outstanding

Common
Registered bonds payable

5,193,830,685 shares
₱25,190,280,000.00

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

Yes [/] No []

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

PHILIPPINE STOCK EXCHANGE

COMMON STOCK

12. Indicate by check mark whether the registrant:

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

Yes [/] No []

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

Yes [/] No []

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

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

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

See Exhibit I


PART II--OTHER INFORMATION

The Company's retained earnings include accumulated equity in undistributed net earnings of investee companies and affiliates amounting to ₱5,118 million as of September 30, 2021 and ₱3,625 million as of December 31, 2020. This amount, plus ₱26,000 million of retained earnings appropriated for expansion, are not available for dividend declaration.

SIGNATURES

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

Issuer
Signature & Title
Date


FREDERICK D. GO
President and Chief Executive Officer
11-08-2021

Issuer
Signature & Title
Date


KERWIN MAX S. TAN
Chief Financial Officer, Chief Risk Officer
and Compliance Officer
11-08-2021 

ROBINSONS LAND CORPORATION **3rd Quarter CY 2021 PERFORMANCE**

I. Consolidated Operations

Robinsons Land Corporation saw a growing sense of optimism from its customers, partners and stakeholders on the back of the waning number of COVID-19 cases in the country and easing of lockdown restrictions.

The Company is on an accelerating path to recovery with a 47% surge in net income year-on-year to ₱6.44 billion in the first nine months of the year. Excluding earnings recognized this year from Chengdu and sale of parcels of land in Bridgetowne East and the high-base effect of the change in revenue recognition for residential sales in 2020, the bottom line still grew double digits by 48%. Meanwhile, consolidated revenues rose 41% to ₱30.88 billion; while EBITDA grew 10% to ₱11.80 billion and EBIT increased by 15% to ₱8.0 billion.

Meanwhile, revenues for the third quarter posted at ₱4,913.3 million, lower by 6% versus the third quarter of last year. EBITDA and EBIT which ended at ₱2,707.4 million and ₱1,424.2 million, jumped by 5% and 8%, respectively. Net income ended at ₱990.4 million, a 38% growth quarter-on-quarter.

II. Segment Operations

The Commercial Centers Division contributed 19% or ₱6,001.5 million of the Company's gross revenues. The performance of the Company's lifestyle centers continued to rebound since the implementation of quarantine restrictions in March last year with revenues for the nine months dropping by 10% from ₱6,635.8 million last year. Furthermore, Robinsons Malls expanded its reach in North Luzon with the opening of Robinsons Place La Union. Meanwhile, EBITDA decreased by 17% and EBIT declined by 76% due to additional depreciation from new malls.

The Residential Division contributed 19% or ₱5,807.0 million to the Company's revenues. Realized revenues dipped 40%. EBITDA and EBIT likewise fell 36% and 37%, respectively. The decline is mainly attributable to the high-base effect of the additional revenue booked in 2020 arising from the change in accounting treatment on revenue recognition from residential sales at 10% equity.

The Office Buildings Division or Robinsons Offices contributed 15% or ₱4,664.6 million to the Company's revenues in the nine months of 2021. It sustained its stable topline results with a 5% growth from a year ago on the back of rental escalations, stable leased percentage and new offices namely Cyber Omega located in Pasig City and Bridgetowne East Campus One located in Bridgetowne Destination Estate. EBITDA ended at ₱4.0 billion and EBIT registered at ₱3.3 billion, both up by 4% versus same period last year.

Accounting for 3% of the Company's revenues, the Hotels and Resorts Division or Robinsons Hotels and Resorts operated 17 out of its 20 hotels in the first nine months to serve as temporary homes for returning Overseas Filipino Workers (OFWs) and guests under quarantine. Underpinned by the slight easing of travel and tourism restrictions and the rise in demand for quarantine hotels and long-stay accommodations, the division has managed to temper the decline in revenues in the first nine months to now only 2% to ₱839 million. Meanwhile, EBITDA of ₱189 million accelerated by 52% on the back of operational efficiencies. Depreciation from new hotels opened dragged EBIT to a loss of ₱120 million.

Driven by the growing e-commerce market and the consequent steady demand for logistics and warehousing facilities, Robinsons Logistics and Industrial Facilities achieved a 24% increase in revenues to ₱187 million from its six industrial facilities located in Sucat, Muntinlupa, Sierra Valley in Cainta, San Fernando, Pampanga and Calamba, Laguna. EBITDA and EBIT rose 36% and 35% to ₱172 million and ₱120 million, respectively.

RLC's Integrated Developments Division crystalized the value of its land bank in Bridgetowne East with the recognition of the revenue from the sale of land to Shang Robinsons Properties, Inc. (SRPI) and RHK Land Corporation (RHK) totaling ₱2.6 billion. SRPI and RHK acquired from RLC a total of over 2.6 hectares of land inside the 31-hectare master planned Bridgetowne Destination Estate. Meanwhile EBITDA and EBIT posted at ₱1.5 billion each.

Chengdu Ban Bian Jie accounted for 34% or ₱10,507.9 million of the Company's total revenues. EBITDA and EBIT ended at ₱1,006.7 million and ₱1,006.4 million, respectively. Furthermore, we have recovered 89% of our invested capital with the repatriation of US\$200 million.

The Company is cognizant of COVID-19's potential material impact on its financial performance, the execution of its plans and strategies, and its customers and employees should the situation persist in the longer-term. Nonetheless, the Company's broad business footprint and diversified revenue stream helped cushion the blow of this unprecedented event. For more information on the impact on the company's operations of COVID-19 and the measures the Company has undertaken to mitigate its effects, please refer to Note 28 of the Interim Condensed Consolidated Financial Statements as of September 30, 2021.

III. Financial Resources and Liquidity

As of September 30, 2021, Cash and Cash Equivalents increased by 48% to ₱20,670.0 million as of September 30, 2021 from ₱14,004.3 million as of December 31, 2020 mainly from the proceeds received from the sale of the Company's shares in its flagship commercial Real Estate Trust (REIT), RL Commercial REIT, Inc. (RCR) via secondary offering during RC's Initial Public Offering (IPO) in addition to internally-generated funds.

Receivables (current and non-current) were up by 11% this year at ₱24,795.2 million mainly as a function of additional revenues recognized in the nine months.

Other assets (current and non-current) decreased by 15% to ₱13,881.7 million due to the utilization of input VAT and prepayments of Chengdu Xin Yao.

Contract liabilities, Deposits and Other Liabilities (current and non-current) were down by 20% to ₱31,352.9 million due to income recognition from Phase 1 of Chengdu Ban Bian Jie and sale of Bridgetowne East lots.

Total loans decreased to ₱47,019.8 million mainly due to the retirement of a long-term bank loan.

Reflecting the success of its strategic initiatives and successful REIT IPO, the Company's financial position is as strong as it has ever been. With the Company's strong net cash position, ₱3.0 billion has been earmarked for a share buyback program as a manifestation of confidence in its growth prospects in line with its commitment to enhance shareholder value. The share buyback program shall commence upon approval by the Board and shall end upon full utilization of the above-mentioned amount, or as may otherwise be determined by the Board. It will not affect any of the Company's prospective and existing projects and investments.

Total Assets posted at ₱230.5 billion while Total Shareholders' Equity ended at ₱130.5 billion. Total Shareholders' Equity includes Equity Reserve of ₱19.5 billion representing the difference between the net IPO proceeds and the book value of the shares sold to the public. It also includes Non-Controlling Interest of ₱3.2 billion representing the share of minority shareholders in the equity of RCR.

Gross debt to equity ratio of 0.37:1 as of September 30, 2021 improved from 0.53:1 as of December 31, 2020. Current ratio ended at 1.61:1 from last year end's 1.49:1. Earnings per share for the nine months of this year increased to ₱1.22 per share from last year's ₱0.85 per share. Net book value excluding non-controlling interest stood at ₱24.33 per share as of September 30, 2021 compared to ₱19.61 per share as of December 31, 2020.

Robinsons Land Corporation and Subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements
September 30, 2021 and for the Nine months Ended September 30, 2021 and 2020
*(With Comparative Audited Consolidated Statement of
Financial Position as of December 31, 2020)*

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(With Comparative Audited Figures as at December 31, 2020)

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6, 21, 25, and 26)	₱20,670,046,464	₱14,004,258,784
Receivables (Notes 7, 21, 25, and 26)	15,512,806,097	14,430,226,330
Subdivision land, condominium and residential units for sale (Note 8)	38,252,487,646	41,251,901,420
Other current assets (Notes 9, 25, and 26)	7,195,913,785	9,266,903,518
Total Current Assets	81,631,253,992	78,953,290,052
Noncurrent Assets		
Noncurrent receivables (Notes 7, 21, 25, and 26)	9,282,355,516	7,861,430,860
Investment properties (Note 10)	121,013,245,903	109,418,090,261
Property and equipment (Note 11)	8,315,585,236	8,507,694,022
Investments in joint venture (Note 12)	2,367,395,421	2,372,704,894
Right-of-use assets (Note 27)	1,253,518,190	1,112,302,766
Other noncurrent assets (Notes 13, 21, 25 and 26)	6,685,750,044	6,975,212,202
Total Noncurrent Assets	148,917,850,310	136,247,435,005
	₱230,549,104,302	₱215,200,725,057
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 14, 25, 26 and 27)	₱18,017,101,709	₱14,987,187,084
Contract liabilities, deposits and other current liabilities (Notes 15, 21, 25 and 26)	21,814,654,700	31,332,429,313
Current portion of loans payable (Notes 16, 25, and 26)	10,790,500,000	6,655,000,000
Total Current Liabilities	50,622,256,409	52,974,616,397
Noncurrent Liabilities		
Loans payable - net of current portion (Notes 16, 25, and 26)	36,229,326,143	46,948,778,783
Contract liabilities, deposits and other noncurrent liabilities (Notes 17, 21, 25, and 26)	9,538,231,859	7,768,276,299
Deferred tax liabilities - net (Note 24)	3,613,935,564	4,791,021,943
Total Noncurrent Liabilities	49,381,493,566	59,508,077,025
Total Liabilities	100,003,749,975	112,482,693,422
Equity		
Equity attributable to equity holders of the Parent Company		
Capital stock (Note 19)	5,193,830,685	5,193,830,685
Additional paid-in capital	39,041,328,236	39,041,328,236
Other comprehensive income	(186,842,224)	(217,786,334)
Equity reserve (Note 19)	19,471,715,330	-
Retained earnings (Note 18)		
Unappropriated	36,849,828,733	31,821,949,324
Appropriated	26,000,000,000	26,000,000,000
	126,369,860,760	101,839,321,911
Non-controlling interest	4,175,493,567	878,709,724
	130,545,354,327	102,718,031,635
	₱230,549,104,302	₱215,200,725,057

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the Period July to September		For the Period January to September	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
REVENUES (Notes 5 and 22)				
Real Estate Operations				
Real estate sales (Notes 5 and 22)	₱830,971,640	₱1,862,527,942	₱18,296,692,612	₱9,594,928,979
Rental income (Notes 10 and 22)	2,497,476,751	2,199,232,087	7,849,417,636	8,209,920,874
Amusement income (Note 22)	–	–	–	219,664,010
Others (Notes 12 and 22)	1,271,180,609	982,572,965	3,895,905,380	3,062,719,680
	4,599,629,000	5,044,332,994	30,042,015,628	21,087,233,543
Hotel Operations (Note 22)	313,705,184	196,003,634	839,432,096	856,415,515
	4,913,334,184	5,240,336,628	30,881,447,724	21,943,649,058
COSTS (Note 23)				
Real Estate Operations				
Cost of real estate sales (Note 8)	393,186,955	988,745,310	12,850,031,883	5,087,234,023
Cost of rental services	1,353,708,959	1,285,490,241	3,977,688,495	3,892,865,308
Cost of amusement services	–	–	–	92,764,250
Others	736,634,377	739,167,088	2,371,130,572	2,245,747,257
	2,483,530,291	3,013,402,639	19,198,850,950	11,318,610,838
Hotel operations	342,894,939	270,650,872	959,062,660	1,043,899,503
	2,826,425,230	3,284,053,511	20,157,913,610	12,362,510,341
GROSS INCOME	2,086,908,954	1,956,283,117	10,723,534,114	9,581,138,717
GENERAL AND ADMINISTRATIVE EXPENSES (Note 23)	662,733,802	636,429,623	2,727,060,868	2,642,627,609
OPERATING INCOME	1,424,175,152	1,319,853,494	7,996,473,246	6,938,511,108
OTHER INCOME (LOSSES)				
Interest income	33,445,179	81,896,423	126,653,439	151,837,264
Gain (loss) on foreign exchange	60,839,144	(107,285,815)	39,434,442	(121,683,426)
Gain on sale of property and equipment	401,674	169,085	401,674	762,986
Interest expense (Note 16)	(410,135,291)	(312,820,035)	(1,222,512,386)	(1,047,443,239)
	(315,449,294)	(338,040,342)	(1,056,022,831)	(1,016,526,415)
INCOME BEFORE INCOME TAX	1,108,725,858	981,813,152	6,940,450,415	5,921,984,693
PROVISION FOR INCOME TAX (Note 24)	118,331,132	265,089,551	497,553,308	1,525,264,603
NET INCOME	990,394,726	716,723,601	6,442,897,107	4,396,720,090
OTHER COMPREHENSIVE INCOME				
Other comprehensive loss to be reclassified to profit or loss in subsequent periods				
Fair value reserve of financial assets at FVOCI, net of income tax effect (Note 7)	–	–	(3,711,290)	(51,480,033)
Remeasurements of net defined benefit liability	–	–	34,655,400	–
Total Other Comprehensive Income (Loss)	–	–	30,944,110	(51,480,033)
TOTAL COMPREHENSIVE INCOME	₱990,394,726	₱716,723,601	₱6,473,841,217	₱4,345,240,057
Net Income Attributable to:				
Equity holders of Parent Company	₱887,644,656	₱717,463,122	₱6,332,464,080	₱4,399,333,810
Non-controlling interest in consolidated subsidiaries	102,750,070	(739,521)	110,433,027	(2,613,720)
	₱990,394,726	₱716,723,601	₱6,442,897,107	₱4,396,720,090
Total Comprehensive Income Attributable to:				
Equity holders of Parent Company	₱887,644,656	₱717,463,122	₱6,363,408,190	₱4,347,853,777
Non-controlling interest in consolidated subsidiaries	102,750,070	(739,521)	110,433,027	(2,613,720)
	₱990,394,726	₱716,723,601	₱6,473,841,217	₱4,345,240,057
Basic/Diluted Earnings Per Share (Note 20)	₱0.17	₱0.14	₱1.22	₱0.85

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Nine Months Ended September 30, 2021 (Unaudited)									
Attributable to Equity Holders of the Parent Company									
	Capital Stock (Note 19)	Additional Paid-in Capital	Equity Reserve	Other Comprehensive Income	Unappropriated Retained Earnings (Note 18)	Appropriated Retained Earnings	Total	Non-controlling Interest	Total Equity
Balances at January 1, 2021	₱5,193,830,685	₱39,041,328,236	₱-	(₱217,786,334)	₱31,821,949,324	₱26,000,000,000	₱101,839,321,911	₱878,709,724	₱102,718,031,635
Comprehensive income									
Net income	-	-	-	-	6,332,464,080	-	6,332,464,080	110,433,027	6,442,897,107
Other comprehensive income	-	-	-	30,944,110	-	-	30,944,110	-	30,944,110
Total comprehensive income	-	-	-	30,944,110	6,332,464,080	-	6,363,408,190	110,433,027	6,473,841,217
Sale of investment in subsidiary	-	-	19,471,715,330	-	-	-	19,471,715,330	3,186,353,816	22,658,069,146
Stock issue costs	-	-	-	-	(6,127,000)	-	(6,127,000)	(3,000)	(6,130,000)
Cash dividends	-	-	-	-	(1,298,457,671)	-	(1,298,457,671)	-	(1,298,457,671)
Balances at September 30, 2021	₱5,193,830,685	₱39,041,328,236	₱19,471,715,330	(₱186,842,224)	₱36,849,828,733	₱26,000,000,000	₱126,369,860,760	₱4,175,493,567	₱130,545,354,327

For the Nine Months Ended September 30, 2020 (Unaudited)									
Attributable to Equity Holders of the Parent Company									
	Capital Stock (Note 19)	Additional Paid-in Capital	Comprehensive Income	Other Comprehensive Income	Unappropriated Retained Earnings (Note 18)	Appropriated Retained Earnings	Total	Non-controlling Interest	Total Equity
Balances at January 1, 2020	₱5,193,830,685	₱39,041,328,236	₱118,371,397	₱28,155,279,155	₱27,000,000,000	₱99,508,809,473	₱568,861,005	₱100,077,670,478	
Comprehensive income									
Net income	-	-	-	-	4,399,333,810	-	4,399,333,810	(2,613,720)	4,396,720,090
Other comprehensive income	-	-	-	(51,480,033)	-	-	(51,480,033)	-	(51,480,033)
Total comprehensive income	-	-	-	(51,480,033)	4,399,333,810	-	4,347,853,777	(2,613,720)	4,345,240,057
Collection of subscriptions receivable (Note 2)	-	-	-	-	-	-	-	318,500,000	318,500,000
Cash dividends	-	-	-	-	(2,596,915,342)	-	(2,596,915,342)	(10,290,000)	(2,607,205,342)
Balances at September 30, 2020	₱5,193,830,685	₱39,041,328,236	₱66,891,364	₱29,957,697,623	₱27,000,000,000	₱101,259,747,908	₱874,457,285	₱102,134,205,193	

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Nine Months Ended September 30	
	2021	2020
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱6,940,450,415	₱5,921,984,693
Adjustments for:		
Depreciation (Notes 10 and 11)	3,785,570,214	3,819,265,848
Interest expense (Note 16)	1,214,590,217	1,011,047,648
Amortization of right-of-use assets (Note 27)	17,293,295	14,921,025
Interest expense on lease liabilities (Note 27)	7,922,169	36,395,591
Accretion expense on security deposits	–	34,430,131
Gain on sale of property and equipment	(401,674)	(762,986)
Interest income	(265,195,225)	(207,353,720)
Equity in net loss (earnings) of joint ventures (Note 12)	(346,343,805)	(71,614,893)
Operating income before working capital changes	11,353,885,606	10,558,313,337
Decrease (increase) in:		
Receivables – trade	(1,523,099,207)	(6,229,086,161)
Subdivision land, condominium and residential units for sale (inclusive of capitalized borrowing cost)	4,133,846,607	17,867,456
Other current assets	1,289,203,600	(719,477,717)
Increase (decrease) in:		
Accounts payable and accrued expenses and other current liabilities	5,038,803,893	782,917,118
Customers' deposits	(9,526,935,585)	10,487,165,977
Cash generated from operations	10,765,704,914	14,897,700,010
Interest received from installment contract receivable	138,541,786	55,516,456
Income tax paid	(1,458,215,316)	(1,801,919,693)
Net cash flows provided by operating activities	9,446,031,384	13,151,296,773
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from cash and short-term investments	128,929,135	151,122,899
Decrease (increase) in:		
Advances to lot owners (Notes 9 and 13)	204,236,094	(38,952,070)
Advances to suppliers and contractors	20,973,459	(299,471,295)
Receivables from affiliated companies (Notes 7 and 21)	(982,680,912)	98,442,840
Other noncurrent assets	88,916,020	(4,137,929)
Additions to:		
Investment properties (inclusive of capitalized borrowing cost) (Note 10)	(13,008,226,900)	(7,111,598,679)
Property and equipment (Note 11)	(518,738,536)	(624,812,125)
Investment in a joint venture	–	(65,720,000)
Proceeds from:		
Collection of subscription receivable from noncontrolling interest (Note 2)	–	318,500,000
Disposal of property and equipment	401,674	762,986
Net cash flows used in investing activities	(14,066,189,966)	(7,575,863,373)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Availment of short-term loans (Note 16)	8,500,000,000	9,807,400,000
Sale of investment in subsidiary – net	20,690,154,757	–
Loans payable (Note 16)	–	19,190,280,000
Payment of:		
Cash dividends (Note 18)	(1,298,457,671)	(2,596,915,342)
Short-term loans (Note 16)	(8,500,000,000)	(18,299,100,000)
Loans payable (Note 16)	(6,655,000,000)	(155,000,000)
Interests on loans	(1,681,730,340)	(956,165,244)
Bond issue costs	–	(209,317,147)
Principal portion of lease liabilities	–	(39,031,772)
Interest on lease liabilities	(7,922,169)	(4,009,003)
Increase in payable to affiliated companies and other noncurrent liabilities (Notes 15 and 17)	238,901,685	1,391,597,533
Net cash flows provided by financing activities	11,285,946,262	8,129,739,025
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,665,787,680	13,705,172,425
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	14,004,258,784	7,060,438,523
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱20,670,046,464	₱20,765,610,948

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

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

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

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

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

The interim condensed consolidated financial statements as of September 30, 2021 and for the nine months ended September 30, 2021 and 2020 were approved and authorized for issuance by the Parent Company’s Board of Directors (BOD) on November 4, 2021.

2. Basis of Preparation

The interim condensed consolidated financial statements as of September 30, 2021 and for the nine months ended September 30, 2021 and 2020 have been prepared in compliance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements as of December 31, 2020 which have been prepared under Philippine Financial Reporting Standards (PFRS).

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

Basis of Consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Group as of September 30, 2021 and December 31, 2020 and for the nine months ended September 30, 2021 and 2020.

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.

Equity reserve

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

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

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

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

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

The consolidated financial statements include the financial statements of the Parent Company and the following subsidiaries as of September 30, 2021 and December 31, 2020:

	Country of Incorporation	Effective Percentage of Ownership	
		2021	2020
Robinson's Inn Inc.	Philippines	100%	100%
RL Commercial REIT, Inc. (formerly Robinsons Realty and Management Corporation) (RCR)	Philippines	63%	100%
Robinsons Properties Marketing and Management Corp.	Philippines	100%	100%
Manhattan Buildings and Management Corporation	Philippines	100%	100%
Robinson's Land (Cayman), Ltd.	Cayman Islands	100%	100%
Altus Mall Ventures, Inc.	Philippines	100%	100%
Bonifacio Property Ventures, Inc.	Philippines	100%	100%
Bacoor R and F Land Corporation (BRFLC)	Philippines	70%	70%
Altus Angeles, Inc. (AAI)	Philippines	51%	51%
GoHotels Davao, Inc. (GDI)	Philippines	51%	51%
RLGB Land Corporation (RLGB)	Philippines	51%	51%
Robinsons Logistix and Industrial, Inc. (RLII)	Philippines	100%	–
RL Property Management, Inc. (RLPMI)	Philippines	100%	–
RL Fund Management, Inc. (RLFMI)	Philippines	100%	–
Malldash Corp.	Philippines	100%	–
RLC Resources Ltd. (RLCRL)	British Virgin Island	100%	100%
Land Century Holdings Ltd. (LCHL)	Hong Kong	100%	100%
World Century Enterprise Ltd. (WCEL)	Hong Kong	100%	100%
First Capital Development Ltd. (First Capital)	Hong Kong	100%	100%
Chengdu Xin Yao Real Estate Development, Co. Ltd. (Chengdu Xin Yao)	China	100%	100%

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

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

On April 5, 2021, Robinsons Logistix and Industrials, Inc. (RLII) was incorporated for the primary purpose to engage in and carry on a business of receiving, accepting, unloading, storing, and/or deposit of goods, chattels, fungibles, parcels, boxes, documents, mail, products, money, vehicles, animals, cargoes, and effects of all kinds and provide facilities, amenities, conveniences, features, services and/or accommodations and to exercise or undertake such other powers and purposes as may be required and necessarily implied from the purposes herein mentioned. The Parent Company owns 100% of the capital stock of RLII.

On April 12, 2021, RL Property Management, Inc. (RLPMI) was incorporated for the primary purpose to engage in the business of providing services in relation to property management, lease management, marketing, project management, including tenant services and such other duties and functions necessary and incidental to property management. The Parent Company owns 100% of the capital stock of RLPMI.

On April 15, 2021, the Board of Directors (“BOD”) and stockholders of RCR approved the amendments to its Articles of Incorporation resulting to, among other things, the: (a) change in corporate name to “RL Commercial REIT, Inc.”; (b) change in primary purpose to engage in the business of real estate investment trust, as provided under Republic Act no. 9586 (the Real Estate Investment Trust Act of 2009), including its implementing rules and regulations (“the REIT Act”), and other applicable laws; (c) change in principal office address from Level 2, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City to 25F Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, Brgy. San Antonio, Pasig City; and (d) increase in authorized capital stock from One Hundred Million Pesos (₱100,000,000), divided into One Hundred Million (100,000,000) common shares with par value of One Peso (₱1.00) per share, to Thirty-Nine Billion Seven Hundred Ninety-Five Million Nine Hundred Eighty-Eight Thousand Seven Hundred Thirty-Two (39,795,988,732) shares with par value of One Peso (₱1.00) per share.

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

Simultaneous with the assignment, transfer and conveyance of all of its rights, title, contracts, security deposits to utility and professional service providers, receivables, deposits from tenants and interest in and to the Assigned Properties is the assignment by the Parent Company to the Company of its rights, interests and obligations as a lessee including prepaid rent under the 25-year operating lease agreement it entered into with Bases Conversion Development Authority (BCDA) in 2014 for a long-term lease of approximately 5,000 sqm parcel of land along Lawton Avenue, Bonifacio South, Taguig City where Cyber Sigma is currently located. BCDA is a government agency charged with the development and conversion of former military reservations, among others. The operating lease agreement was initially executed between BCDA and Altus Property Ventures, Inc. (formerly Altus San Nicolas Corp. and wholly-owned subsidiary of the Parent Company). With the approval of BCDA, it was later assigned to the Parent Company through an execution of a Deed of Assignment

On May 28, 2021, RL Fund Management, Inc. (RLFMI) was incorporated for the primary purpose to engage in the business of providing fund management services to real estate investment trust (REIT) companies, as provided under Republic Act No. 9856 (The Real Estate Investment Trust Act of 2009), including its implementing rules and regulations (the “REIT Act”) and perform all such functions necessary and incidental to asset management of a REIT. The Parent Company owns 100% of the capital stock of RLFMI.

On July 16, 2021, Malldash Corp (Malldash). was incorporated with a primary purpose to engage in, develop, operate, and maintain the business of providing Information Technology (IT) solutions, including but not limited to software, web design, and mobile applications excluding internet services; to develop, operate, and maintain an electronic marketplace that will allow for business to business integration and business to consumer electronic commerce solutions; to provide solutions for merchant to consumer/user product delivery and/or fulfillment; to provide logistic services and digital services, including payment services; and to do other things necessary or convenient for carrying out into effect the foregoing purpose; provided that the Company shall not engage in advertising and mass media. The Parent Company owns 100% of the capital stock of Malldash.

On August 2, 2021, the amendments to the Company's Articles of Incorporation and the Property-for-Share Swap were approved by the SEC. In addition, the RCR's building and land leases with the Parent Company for the: (a) lease of two buildings, Robinsons Cybergate Center 2 and Robinsons Cybergate Center 3 (the "Cybergate Center Buildings" and the lease arrangements for such buildings, the "Building Leases"), and (b) lease of certain parcels of land where the Assigned Properties (except for Robinsons Equitable Tower, Robinsons Summit Center and Cyber Sigma) are situated (such lease agreements, the "Land Leases") became effective.

On September 14, 2021, RCR's common stock was listed in the Main Board of the PSE. Furthermore, the Fund Management Agreement and Property Management Agreement (collectively referred herein as "Management Agreements") entered into by the Parent Company with its wholly-owned subsidiaries namely RLFMI and RLPMI were executed. The operational and administrative functions of the Company were handled by the Parent Company prior to RCR's listing with the PSE. Voting rights held by non-controlling interests on AAI, GDI, BRFLC, RLGB and RCR are equivalent to 49%, 49%, 30%, 49% and 37%, respectively. As of September 30, 2021 and December 31, 2020, the Group does not consider these subsidiaries as having material non-controlling interest that would require additional disclosures.

3. **Changes in Accounting Policies**

Changes in Accounting Policies and Disclosures

The Group has adopted the following new accounting pronouncements starting January 1, 2021. Adoption of these pronouncements either did not have any significant impact on the Group's financial position or performance unless otherwise indicated. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

- 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 may impact future periods should the Group enter into any business combinations.

- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*

The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

These amendments do not have a significant impact on 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 provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

These amendments do not have a significant impact on the Group.

- Amendments to PFRS 16, *COVID 19-related Rent Concessions*

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

- The rent concession is a direct consequence of Covid-19;
- The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before September 30, 2021; and
- There is no substantive change to other terms and conditions of the lease.

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

The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted.

The Group adopted the amendments beginning January 1, 2020. As there are no rent concessions granted to the Group as a lessee, these amendments had no impact on the consolidated financial statements.

- The Conceptual Framework for Financial Reporting

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the International Accounting Standards Board in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

This conceptual framework was issued on March 29, 2018 and had no impact on the consolidated financial statements of the Group.

Standards Issued but not yet Effective

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

Effective beginning on or after January 1, 2021

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

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

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

The Group shall also disclose information about:

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and must be applied retrospectively.

Effective beginning on or after January 1, 2022

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

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its

requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

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

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

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

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

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

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

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to PFRSs 2018-2020 Cycle*

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

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

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

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

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

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

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

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

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
 - What is meant by a right to defer settlement
 - That a right to defer must exist at the end of the reporting period
 - That classification is unaffected by the likelihood that an entity will exercise its deferral right
 - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively.

- PFRS 17, *Insurance Contracts*

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

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

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

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

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

Deferred effectivity

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

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

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

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

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

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

On February 11, 2020, the Philippine SEC issued Memorandum Circular No. 4, Series of 2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Effective January 1, 2021, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto

retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC agenda decision.

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

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

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

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

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

	Deferral Period
a. Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)	Until December 31, 2023
b. Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E	Until December 31, 2023
c. Treatment of uninstalled materials in the determination of the POC discussed in PIC Q&A 2018-12-E (as amended by PIC Q&A 2020-02)	Until December 31, 2020
d. Accounting for CUSA Charges discussed in PIC Q&A No. 2018-12-H	Until December 31, 2020

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

- The accounting policies applied.
- Discussion of the deferral of the subject implementation issues in the PIC Q&A.
- Qualitative discussion of the impact on the financial statements had the concerned application guidelines in the PIC Q&A been adopted.
- 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.

The presentation of amounts billed to tenants for Common Usage Service Area (CUSA) and air-conditioning charges in the statements of comprehensive income as discussed in PIC Q&A No.2018-12-H became effective in 2021. The adoption resulted to the presentation of CUSA and air-conditioning charges on a gross basis as part of revenues instead of on a net basis as part of operating expenses. There was no effect on the amounts of EBITDA, EBIT and Net Income.

In November 2020, the PIC issued the following Q&As which provide additional guidance on the real estate industry issues covered by the above SEC deferrals:

- PIC Q&A 2020-04, which provides additional guidance on determining whether the transaction price includes a significant financing component
- PIC Q&A 2020-02, which provides additional guidance on determining which uninstalled materials should not be included in calculating the POC

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

The Group has adopted PIC Q&A 2020-02 and has included the uninstalled customized materials in the measurement of progress. This is consistent with the Group's policy.

The Group availed of the SEC reliefs to defer certain specific provisions of PIC Q&A No. 2018-12. Had these provisions been adopted, the Group assessed that the impact would have been as follows:

- a. The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements. Adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, installment contract receivables, provision for deferred income tax, deferred tax asset or liability for all years presented, and the opening balance of retained earnings. The Group has yet to assess if the mismatch constitutes a significant financing component for its contracts to sell.
- b. Had the Group accounted for the revenue from air-conditioning services, CUSA and handling services as principal, this would have resulted in the gross presentation of the related revenue, costs and expenses. The Group opts to use alternative presentation of CUSA as other income as the gross amount of revenue and related costs and expenses are not individually material. There is no impact on opening retained earnings, income and expense and the related balance sheet accounts.

The above would have impacted the cash flows from operating activities for all years presented.

As prescribed by SEC MC No. 34-2020, for financial reporting periods beginning on or after January 1, 2021, the availment of the above deferral will impact the Group's financial reporting during the period of deferral as follows:

- a. The consolidated financial statements are not considered to be in accordance with PFRSs and should specify in the “*Basis of Preparation of the Consolidated Financial Statements*” section of the consolidated financial statements that the accounting framework is:

PFRSs, as modified by the application of the following financial reporting reliefs issued and approved by the Securities and Exchange Commission in response to the COVID-19 pandemic:

- 1) *Assessing if the transaction price includes a significant financing component (as amended by PIC Q&A 2020-04)*

- b. The Auditor’s report will:
- i. reflect in the Opinion paragraph that the consolidated financial statements are prepared in accordance with the compliance framework described in the notes to the consolidated financial statements; and
 - ii. include an Emphasis of Matter paragraph to draw attention to the basis of accounting that has been used in the preparation of the consolidated financial statements.

Upon full adoption of the above deferred guidance, the accounting policies will have to be applied using full retrospective approach following the guidance under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

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

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

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

The Group availed of the SEC relief to defer of adoption of this PIC Q&A until December 31, 2020. Currently, the Group records the repossessed inventory at cost. The Group is still evaluating the approach to be availed among the existing options. Had the relief not been adopted and the current practice would be different from the approach to be implemented, this could have impacted the recording of revenue, cost of sales, valuation of repossessed inventory and gain or loss from repossession in 2020.

4. Significant Accounting Judgments and Estimates

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

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

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

Except as otherwise stated, the significant accounting policies, judgments, estimates and assumptions used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements as at and for the year ended December 31, 2020.

Estimate on when the buyers' investment is qualified for revenue recognition on real estate sales
Effective January 1, 2020, the Group changed its basis in assessing the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Group considers the significance of the customer's initial payments in relation to the total contract price. Marketing and selling statistics and experiences over the past several years which include, among others, buyers' credit standings and sales returns prompted the Group to revisit and accordingly revise the basis of estimating the level of buyers' payments that is highly probable that the Group will collect the consideration from the contract. The change in estimate increased the real estate sales by ₱4,050 million, operating income by ₱1,773 million and net income by ₱1,241 million for the nine months ended September 30, 2020. The effect of this change in the future periods is not disclosed because it cannot be estimated as it is dependent on future sales transactions.

5. Operating Segments

Business Segments

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

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

The financial information on the operations of these business segments as shown below are based on the measurement principles that are similar with those used in measuring the assets, liabilities, income

and expenses in the consolidated financial statements which is in accordance with PFRS except for EBITDA.

Cost and expenses exclude interest, taxes and depreciation.

The Group derives its revenue from the following reportable units:

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

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

Office Buildings Division - develops and leases out office spaces.

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

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

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

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

Nine Months Ended September 30, 2021 (Unaudited)

	Commercial Centers Division	Residential Division	Office Buildings Division	Hotels and Resorts Division	Logistics and Industrial Facilities Division	Integrated Developments Division	Chengdu Xin Yao	Intersegment Eliminating Adjustments	Consolidated
Revenue									
Segment revenue:									
Revenues from contracts with customers	P-	P4,987,820,621	P-	P839,432,096	P-	P2,857,341,645	P10,451,530,346	P-	P19,136,124,708
Rental income	3,830,704,926	51,695,722	3,763,528,406	-	186,888,116	16,600,474	-	-	7,849,417,636
Other income	2,170,835,026	767,532,120	901,030,452	-	-	156,491	56,351,283	-	3,895,905,380
Intersegment revenue	31,676,986	-	95,548,795	2,746,672	-	-	-	(129,972,453)	-
Total Revenue	6,033,216,938	5,807,048,463	4,760,107,653	842,178,768	186,888,116	2,874,098,610	10,507,881,629	(129,972,453)	30,881,447,724
Costs and expenses									
Segment costs and expenses	3,162,435,791	3,719,273,223	676,173,970	650,051,896	15,309,207	1,357,651,489	9,501,215,393	-	19,082,110,969
Intersegment costs and expenses	8,555,625	35,914,433	70,909,994	13,371,725	-	1,220,676	-	(129,972,453)	-
Total Costs and expenses	3,170,991,416	3,755,187,656	747,083,964	663,423,621	15,309,207	1,358,872,165	9,501,215,393	(129,972,453)	19,082,110,969
Earnings before interest, taxes and depreciation									
depreciation	2,862,225,522	2,051,860,807	4,013,023,689	178,755,147	171,578,909	1,515,226,445	1,006,666,236	-	11,799,336,755
Depreciation and amortization	2,679,211,270	61,754,446	698,751,005	309,010,764	51,297,556	2,603,982	234,486	-	3,802,863,509
Operating income	P183,014,252	P1,990,106,361	P3,314,272,684	(P130,255,617)	P120,281,353	P1,512,622,463	P1,006,431,750	P-	P7,996,473,246

Nine Months Ended September 30, 2020 (Unaudited)

	Commercial Centers Division	Residential Division	Office Buildings Division	Hotels and Resorts Division	Logistics and Industrial Facilities Division	Integrated Developments Division	Chengdu Xin Yao	Intersegment Eliminating Adjustments	Consolidated
Revenue									
Segment revenue:									
Revenues from contracts with customers	P219,664,010	P9,509,860,680	P-	P856,415,515	P-	P85,068,299	P-	P-	P10,671,008,504
Rental income	4,470,351,839	49,957,258	3,525,819,748	-	151,206,257	12,277,984	-	-	8,209,920,874
Other income	1,945,826,694	193,182,197	923,460,134	-	-	558,443	-	-	3,062,719,680
Intersegment revenue	16,952,699	-	18,161,111	797,447	-	-	-	(35,911,257)	-
Total Revenue	6,652,795,242	9,753,000,135	4,467,440,993	857,212,962	151,206,257	97,904,726	-	(35,911,257)	21,943,649,058
Costs and expenses									
Segment costs and expenses	3,203,152,440	6,468,512,393	631,591,397	731,464,725	25,141,991	73,763,568	37,324,563	-	11,170,951,077
Intersegment costs and expenses	5,592,268	21,652,966	13,000	8,514,668	-	138,355	-	(35,911,257)	-
Total Costs and expenses	3,208,744,708	6,490,165,359	631,604,397	739,979,393	25,141,991	73,901,923	37,324,563	(35,911,257)	11,170,951,077
Earnings before interest, taxes and depreciation									
depreciation	3,444,050,534	3,262,834,776	3,835,836,596	117,233,569	126,064,266	24,002,803	(37,324,563)	-	10,772,697,981
Depreciation and amortization	2,768,458,102	45,816,890	667,151,418	312,434,778	37,186,275	2,947,420	191,990	-	3,834,186,873
Operating income	P675,592,432	P3,217,017,886	P3,168,685,178	(P195,201,209)	P88,877,991	P21,055,383	(P37,516,553)	P-	P6,938,511,108

The revenue of the Group consists of sales to domestic customers. Inter-segment revenue accounted for under PFRS arising from lease arrangements amounting ₱130 million and ₱36 million for the nine months ended September 30, 2021 and 2020, respectively, are eliminated in consolidation.

The carrying amount of assets located outside the Philippines amounted to ₱17,218 million and ₱32,444 million as of September 30, 2021 and December 31, 2020, respectively.

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

Significant customers in lease arrangements include the affiliated entities (see Note 21). Rental income arising from the lease of commercial properties to affiliated companies which are not part of the Group and therefore not eliminated amounted to ₱1,739 million and ₱1,538 million for the nine months ended September 30, 2021 and 2020, respectively.

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

	For the Nine Months ended September 30	
	2021	2020
	(Unaudited)	(Unaudited)
EBITDA	₱11,799,336,755	₱10,772,697,981
Depreciation and amortization	(3,802,863,509)	(3,834,186,873)
Other losses - net	(1,056,022,831)	(1,016,526,415)
Income before income tax	₱6,940,450,415	₱5,921,984,693

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

6. Cash and Cash Equivalents

	September 30, 2021	December 31, 2020	September 30, 2020
	(Unaudited)	(Audited)	(Unaudited)
Cash on hand and in banks	₱11,085,183,715	₱1,108,520,005	₱10,709,844,171
Short-term investments	9,584,862,749	12,895,738,779	10,055,766,777
	₱20,670,046,464	₱14,004,258,784	₱20,765,610,948

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.

7. Receivables

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Trade	P22,131,840,093	P20,620,104,615
Affiliated companies	2,012,529,803	1,029,848,891
Others	863,719,417	854,631,384
	25,008,089,313	22,504,584,890
Less allowance for impairment losses	212,927,700	212,927,700
	24,795,161,613	22,291,657,190
Less noncurrent portion	9,282,355,516	7,861,430,860
	P15,512,806,097	P14,430,226,330

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

Fair value adjustment on installment contract receivables at FVOCI amounted to P4 million and P51 million for the nine months ended September 30, 2021 and 2020, respectively.

Allowance for impairment losses on trade receivables follows:

	Rental Receivables	Hotels Operations	Installment Contracts	Total
Balances as at September 30, 2021 (Unaudited) and December 31, 2020 (Audited)	P190,148,722	P3,778,978	P19,000,000	P212,927,700

8. Subdivision Land, Condominium and Residential Units for Sale

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Land use right and development cost	P10,430,780,383	P18,662,662,664
Land and condominium units	15,868,175,611	11,614,894,462
Residential units and subdivision land	3,488,370,048	3,403,756,340
Land held for development	8,465,161,604	7,570,587,954
	P38,252,487,646	P41,251,901,420

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

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

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Beginning balance	₱41,251,901,420	₱36,062,897,387
Construction and development costs incurred	8,694,635,892	9,171,932,407
Land acquisition	–	1,341,648,000
Transfers from:		
Investment properties	1,134,432,833	824,173,445
Unrealized land cost	21,549,384	12,485,722
Cost of real estate sales	(12,850,031,883)	(6,161,235,541)
	₱38,252,487,646	₱41,251,901,420

Borrowing cost capitalized amounted to nil and ₱301 million for the nine months ended September 30, 2021 and 2020, respectively. The capitalization rate used to determine the amount of borrowing costs eligible for capitalization for the nine months ended September 30, 2020 is 4.53%. This amount was included in the construction and development costs incurred (see Note 16).

The amount of subdivision land, condominium and residential units for sale recognized as cost of real estate sales in the interim consolidated statements of comprehensive income amounted to ₱12,850 million and ₱6,161 million for the nine months ended September 30, 2021 and 2020, respectively.

Land Use Right

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

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

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

No subdivision land, condominium and residential units for sale were pledged as security to liabilities as of September 30, 2021 and December 31, 2020.

9. Other Current Assets

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Restricted cash - escrow	P3,268,834,549	P4,006,791,007
Advances to suppliers and contractors	1,319,919,135	1,327,955,054
Prepayments	1,235,266,237	1,926,648,491
Input value-added tax - net	1,006,886,281	1,623,017,384
Advances to lot owners	315,314,097	331,941,593
Supplies	39,157,862	38,404,355
Utility deposits	9,052,260	8,719,131
Others	1,483,364	3,426,503
	P7,195,913,785	P9,266,903,518

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

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

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

10. Investment Properties

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

	September 30, 2021 (Unaudited)					
	Land Held for Future Development	Land	Land Improvements	Buildings and Improvements	Construction In Progress	Total
Cost						
Balances at January 1, 2021	P21,992,589,089	P16,704,397,257	P460,113,489	P97,517,223,798	P12,870,804,181	P149,545,127,814
Additions	4,088,372,041	26,186,932	1,987,888	822,863,384	8,068,816,655	13,008,226,900
Reclassifications and transfers - net (Note 8)	1,399,213,856	1,016,469,398	-	4,408,207,566	(4,922,865,768)	1,901,025,052
Balances at September 30, 2021	27,480,174,986	17,747,053,587	462,101,377	102,748,294,748	16,016,755,068	164,454,379,766
Accumulated Depreciation						
Balances at January 1, 2021	-	-	206,950,318	39,920,087,235	-	40,127,037,553
Depreciation (Notes 23)	-	-	20,507,035	3,213,671,282	-	3,234,178,317
Reclassifications	-	-	-	79,917,993	-	79,917,993
Balances at September 30, 2021	-	-	227,457,353	43,213,676,510	-	43,441,133,863
Net Book Value	P27,480,174,986	P17,747,053,587	P234,644,024	P59,534,618,238	P16,016,755,068	P121,013,245,903

	December 31, 2020						
	Land Held for Future Development	Land	Land Improvements	Buildings and Improvements	Construction In Progress		Total
Cost							
Balances at January 1, 2020	₱21,178,572,184	₱16,931,290,519	₱362,672,459	₱94,031,313,016	₱6,972,679,469		₱139,476,527,647
Additions	1,558,318,656	5,634,309	10,958,455	1,453,440,806	7,145,187,166		10,173,539,392
Reclassification and transfers - net (Notes 8 and 11)	(744,301,751)	(232,527,571)	86,482,575	2,032,469,976	(1,247,062,454)		(104,939,225)
Balances at December 31, 2020	21,992,589,089	16,704,397,257	460,113,489	97,517,223,798	12,870,804,181		149,545,127,814
Accumulated Depreciation							
Balances at January 1, 2020	–	–	178,910,574	35,498,476,870	–		35,677,387,444
Depreciation (Notes 23)	–	–	28,039,744	4,267,814,819	–		4,295,854,563
Reclassification and transfers	–	–	–	153,795,546	–		153,795,546
Balances at December 31, 2020	–	–	206,950,318	39,920,087,235	–		40,127,037,553
Net Book Value	₱21,992,589,089	₱16,704,397,257	₱253,163,171	₱57,597,136,563	₱12,870,804,181		₱109,418,090,261

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

The construction in progress reclassified during the nine months ended September 30, 2021 and for the year ended December 31, 2020 amounted to ₱4,693 million and ₱1,247 million, respectively. The reclassifications in 2021 represent office buildings in Ortigas and Pasig, malls in La Union and Tacloban and warehouses in Calamba and Sucat 2 while reclassifications in 2020 represent mall expansion in Luisita and office buildings in Davao and Luisita. The remaining construction in progress represents new and expansion projects in various cities in Metro Manila and other parts of Luzon and Visayas regions.

For the nine months ended September 30, 2021 and for the year ended December 31, 2020, the Group reclassified investment properties to subdivision land, condominium and residential units for sale amounting to ₱1,134 million and ₱824 million, respectively.

Depreciation expense charged to operations amounted to ₱3,234 million and ₱3,166 million for the nine months ended September 30, 2021 and 2020, respectively.

Borrowing costs capitalized amounted to ₱459 million and ₱309 million for the nine months ended September 30, 2021 and 2020, respectively. These amounts were included in the consolidated statements of cash flows under additions to investment properties. The capitalization rate used to determine the amount of borrowing costs eligible for capitalization for the nine months ended September 30, 2021 and 2020 is 4.46% and 4.53%, respectively (see Note 16).

The fair value of investment properties as of September 30, 2021 and December 31, 2020 amounted to ₱313,912 million and ₱300,904 million, respectively.

As of September 30, 2021 and December 31, 2020, fair value was measured through income approach using build-up model which the Group believes is an appropriate valuation technique since it provides an indication of value by converting future cash flow to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost saving generated by the asset. The level of fair value hierarchy within which the fair value measurements were determined is Level 3. There was no change in the valuation technique as compared to the consolidated financial statements as of and for the year ended December 31, 2020.

Rental income derived from investment properties amounted to ₱7,849 million and ₱8,210 million for the nine months ended September 30, 2021 and 2020, respectively (see Note 22).

Property operations and maintenance costs arising from investment properties amounted to ₱484 million and ₱337 million for the nine months ended September 30, 2021 and 2020, respectively.

There are no investment properties as of September 30, 2021 and December 31, 2020 that are pledged as security to liabilities.

11. Property and Equipment

	September 30, 2021					
	Land Improvements	Buildings and Improvements	Construction in Progress	Theater Furniture and Equipment	Other Equipment	Total
Cost						
Balances at January 1, 2021	₱49,944,204	₱7,265,682,082	₱2,862,223,834	₱1,236,263,555	₱5,341,596,936	₱16,755,710,611
Additions	848,795	97,122,413	356,106,210	–	64,661,118	518,738,536
Reclassifications	–	(234,594,993)	–	–	(4,778,425)	(239,373,418)
Balances at September 30, 2021	50,792,999	7,128,209,502	3,218,330,044	1,236,263,555	5,401,479,629	17,035,075,729
Accumulated Depreciation						
Balances at January 1, 2021	20,555,475	2,819,269,463	–	956,471,599	4,451,720,052	8,248,016,589
Depreciation	3,596,873	167,987,499	–	80,418,846	299,388,679	551,391,897
Reclassifications	–	(76,263,811)	–	–	(3,654,182)	(79,917,993)
Balances at September 30, 2021	24,152,348	2,910,993,151	–	1,036,890,445	4,747,454,549	8,719,490,493
Net Book Value	₱26,640,651	₱4,217,216,351	₱3,218,330,044	₱199,373,110	₱654,025,080	₱8,315,585,236

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

Borrowing cost capitalized amounted to ₱105 million and ₱60 million for the nine months ended September 30, 2021 and 2020, respectively (Note 16).

There are no property and equipment items as of September 30, 2021 and December 31, 2020 that are pledged as security to liabilities.

Depreciation expense charged to operations amounted to ₱551 million and ₱653 million for the nine months ended September 30, 2021 and 2020, respectively.

12. Interests in Joint Ventures and Joint Operations

A. Interest in Joint Ventures

This account consists of the following:

	Percentage of ownership	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
RHK Land Corporation	60.00	₱1,326,980,441	₱1,341,554,976
Robinsons DoubleDragon Corp.	65.72	673,129,586	673,652,470
RLC DMCI Property Ventures, Inc.	50.00	367,285,394	357,497,448
Shang Robinsons Properties, Inc.*	50.00	–	–
Balance at end of year		₱2,367,395,421	₱2,372,704,894

*Net of deferred gain from sale of land

Details and movements of interests in joint ventures for the nine months ended September 30, 2021 and for the year ended December 31, 2020 are as follows:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Investment in stocks - cost:		
Balance at beginning of the period	₱2,175,527,962	₱2,308,024,332
Additions	–	65,720,000
Elimination of interest income on the sale of land	(87,643,164)	(47,092,151)
Elimination of gain on sale of land to joint venture	(264,010,114)	(151,124,219)
Balance at end of the period	1,823,874,684	2,175,527,962
Accumulated equity in net earnings (loss):		
Balance at beginning of the period	197,176,932	42,157,316
Equity in net earnings during the period	346,343,805	155,019,616
Balance at end the period	543,520,737	197,176,932
	₱2,367,395,421	₱2,372,704,894

As of September 30, 2021 and December 31, 2020, there is no objective evidence that the Group's interests in joint ventures are impaired.

Joint Venture with Hong Kong Land Group

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

On June 14, 2018, RHK Land Corporation (RHK Land), the JVC, was incorporated. The Parent Company and HKLG 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.

The Parent Company and HKLG, through RHK Land, shall engage in the acquisition, development, sale and leasing of real property. RHK Land shall initially undertake the purchase of a property situated in Block 4 of Bridgetowne East, Pasig City, develop the property into a residential enclave

and likewise carry out the marketing and sales of the residential units. RHK Land also plans to pursue other development projects.

In October 2018, the Parent Company entered into a Shareholder Loan Agreement with RHK Land (see Note 21). Repayment date falls on the fifth anniversary of the effective date (see Note 21).

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

Joint Venture with DoubleDragon Properties Corporation

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

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

Joint Venture with DMCI Project Developers, Inc.

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

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

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

Joint Venture with Shang Properties, Inc.

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

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

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

During the period, the Parent Company sold a parcel of land located at the Bridgetowne Destination Estate in Pasig City to the JVC.

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

In accordance with the joint venture agreement with SPI, the Parent Company agrees to extend loan to SRPI, at fair and commercial rates comparable to loans extended by third party banks and financial institutions, an amount of ₱1,000 million annually starting April 1, 2019 up to April 1, 2022. As of September 30, 2021 and December 31, 2020, the Parent Company has already extended a loan to SRPI amounting to ₱1,918 million (see Note 21).

B. Joint Operations

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

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

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

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

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

The agreed contributions of the parties follow:

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

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

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

The following were the agreements included in the addendum:

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

13. Other Noncurrent Assets

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Advances to lot owners	₱3,557,699,353	₱3,745,307,951
Advances to suppliers and contractors	2,125,021,849	2,137,959,389
Utility deposits	686,156,455	660,905,455
Financial assets at fair value through OCI	129,718,939	129,718,939
Others	187,153,448	301,320,468
	₱6,685,750,044	₱6,975,212,202

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

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

Utility deposits consist primarily of bill and meter deposits.

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

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

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

The lease period of the project site shall be for the twenty-five years (25) commencing on the third (3rd) project year counted from the commencement of the Construction Date, and terminating on the date 25 years thereafter. The lease shall be automatically renewed for another 25 years upon mutual agreement by the parties. The upfront fee will be offset against the rent due starting on the first (1st) year of operation of the Parent Company in the said property. As of September 30, 2021 and December 31, 2020, the Parent Company does not have right to access nor the right to use the

property since the Provincial Government of Bulacan has not yet completed its undertakings which resulted to non-commencement of the lease.

14. Accounts Payable and Accrued Expenses

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Accounts payable	P11,025,102,631	P8,307,594,890
Taxes and licenses payable	3,603,481,738	3,061,186,660
Accrued rent expense	801,984,051	839,198,621
Accrued contracted services	541,901,669	489,509,112
Accrued salaries and wages	659,734,926	412,497,367
Commissions payable	536,398,989	536,398,989
Accrued interest payable	108,132,094	575,272,217
Dividends payable	45,060,888	45,060,888
Other accrued expenses	695,304,723	720,468,340
	P18,017,101,709	P14,987,187,084

Accounts payable includes payable for the purchase of lot in Bridgetowne East and unpaid billings from suppliers and contractors related to construction activities.

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

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

Accrued rent expense represents accrual for film rentals.

15. Contract Liabilities, Deposits and Other Current Liabilities

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Contract liabilities (Notes 17 and 21)	P18,192,953,453	P28,053,511,701
Deposits from lessees (Note 17)	3,124,563,055	2,984,978,548
Payable to affiliated companies (Note 21)	459,841,447	256,642,319
Current portion of lease liabilities	37,296,745	37,296,745
	P21,814,654,700	P31,332,429,313

Deposits from lessees (including noncurrent portion shown in Note 17) represent cash received in advance equivalent to three (3) to six (6) month rent which shall be refunded to lessees at the end of lease term. These are initially recorded at fair value, which was obtained by discounting its future cash flows using the applicable rates of similar types of instruments.

Included in the "Deposit from lessees" are unearned rental income amounting to P599 million and P579 million as of September 30, 2021 and December 31, 2020, respectively.

16. Loans Payable

Long-term loans

	September 30, 2021	December 31, 2020
Seven-year bonds from BDO, HSBC, SB Capital, Standard Chartered, DBP and East West maturing on February 23, 2022. Principal payable upon maturity, with fixed rate at 4.8000%, interest payable semi-annually in arrears	₱10,635,500,000	₱10,635,500,000
Seven-year term loan from MBTC maturing on March 15, 2024. Principal payable in annual installment amounting to two percent (2%) of the total drawn principal amount and the balance upon maturity, with fixed rate at 4.7500%, interest payable quarterly in arrears	6,580,000,000	6,720,000,000
Seven-year term loan from BPI maturing on August 10, 2023. Principal payable in annual installment amounting to ₱10 million for six years and the balance upon maturity, with fixed rate at 3.8900%, interest payable quarterly in arrears.	4,950,000,000	4,960,000,000
Ten-year term loan from BPI maturing on February 13, 2027. Principal payable in annual installment amounting to ₱5 million for nine years and the balance upon maturity, with fixed rate at 4.9500%, interest payable quarterly in arrears	4,480,000,000	4,485,000,000
Ten-year bonds from BDO and Standard Chartered maturing on February 23, 2025. Principal payable upon maturity, with fixed rate at 4.9344%, interest payable semi-annually in arrears.	1,364,500,000	1,364,500,000
Five-year term loan from BDO Unibank, Inc. maturing on June 30, 2025. Principal payable upon maturity, with fixed rate at 4.7500%, interest payable quarterly in arrears.	6,000,000,000	6,000,000,000
Three-year bonds maturing on July 17, 2023. Principal payable upon maturity, with fixed rate at 3.6830%, interest payable semi-annually in arrears.	12,763,070,000	12,763,070,000
Five-year bonds maturing on July 17, 2025. Principal payable upon maturity, with fixed rate at 3.8000%, interest payable semi-annually in arrears.	427,210,000	427,210,000
Five-year term loan from BDO Unibank, Inc. maturing on July 8, 2021. Principal payable upon maturity, with fixed rate at 3.8327%, interest payable quarterly in arrears.	-	6,500,000,000
	47,200,280,000	53,855,280,000
Less debt issue costs	180,453,857	251,501,217
Long-term loans net of debt issue costs	47,019,826,143	53,603,778,783
Less current portion	10,790,500,000	6,655,000,000
Noncurrent portion of long-term loans	₱36,229,326,143	₱46,948,778,783

Debt issue costs are deferred and amortized using effective interest method over the term of the related loans. Total interest cost expensed out from long-term loans amounted to ₱1,779 million and ₱1,681 million for the nine months ended September 30, 2021 and 2020, respectively.

Capitalized borrowing cost amounted to ₱564 million and ₱670 million for the nine months ended September 30, 2021 and 2020, respectively (see Notes 8, 10 and 11).

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

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

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

Debt 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 September 30, 2021 and December 31, 2020.

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

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

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

Debt Covenants

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

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

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

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

Debt Covenants

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

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, 2021 and 2020.

Debt Covenants

The Group is required to maintain a ratio of net debt-to-equity not exceeding 2:1 as measured at each fiscal year-end date based on the audited consolidated financial statements. The Group has complied with the debt covenant as of September 30, 2021 and December 31, 2020.

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

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

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

Debt Covenants

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

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

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

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

Debt 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, 2021 and December 31, 2020.

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

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

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

Debt Covenants

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

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

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

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

As of September 30, 2021, the ₱6,500 million loan with BDO Unibank, Inc. has matured and has been fully paid by the Parent Company.

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
September 30, 2021	₱10,790,500,000	₱17,848,070,000	₱6,305,000,000	₱7,796,710,000	₱4,460,000,000	₱47,200,280,000
December 31, 2020	₱6,655,000,000	₱10,790,500,000	₱24,148,070,000	₱5,000,000	₱12,256,710,000	₱53,855,280,000

Debt issue cost

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Beginning balance	₱251,501,217	₱104,727,824
Additions	-	209,317,145
Amortizations	(71,047,360)	(62,543,752)
Ending balance	₱180,453,857	₱251,501,217

17. Contract Liabilities, Deposits and Other Noncurrent Liabilities

	September 30, 2021	December 31, 2020
Deposits from lessees	₱3,416,273,907	₱3,263,657,716
Lease liabilities - net of current portion	2,048,101,112	1,940,151,368
Due to lot owner	1,712,138,400	-
Contract liabilities - net of current portion (Notes 15 and 21)	587,000,386	905,153,868
Retention payable	590,589,849	510,887,699
Pension liabilities	666,282,219	666,282,219
Advances for marketing and promotional fund	307,100,775	271,538,207
Others	210,745,211	210,605,222
	₱9,538,231,859	₱7,768,276,299

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

Due to lot owner pertains to the unpaid portion of the total selling price of the land purchased located along Amang Rodriguez Avenue, Rosario, Pasig City in May 2021 (Note 21).

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

18. Retained Earnings

Restriction

A portion of the unappropriated retained earnings representing the undistributed net earnings of subsidiaries amounting to ₱5,118 million as of September 30, 2021 and ₱3,625 million as of December 31, 2020 are not available for dividend declaration until received in the form of dividends. Also, ₱26,000 million of retained earnings appropriated for future and ongoing expansions as of September 30, 2021 and December 31, 2020 are also not available for dividends.

Appropriation

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

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

Dividend Declaration

The BOD declared cash dividends in favor of all its stockholders for the nine months ended September 30, 2021 and 2020 as follows:

	September 30, 2021	September 30, 2020	
Date of declaration	May 6, 2021	May 13, 2020	
Date of payment	June 21, 2021	July 7, 2020	October 27, 2020
Ex-dividend date	May 26, 2021	June 10, 2020	October 1, 2020
Dividend per share	₱0.25	₱0.25	₱0.25
Total dividends	₱1,298,457,671	₱1,298,457,671	₱1,298,457,671

19. Equity

The details of the number of common shares as follow:

	September 30, 2021		December 31, 2020	
	(Unaudited)		(Audited)	
	Shares	Amount	Shares	Amount
Authorized - at ₱1 par value	8,200,000,000	₱8,200,000,000	8,200,000,000	₱8,200,000,000
Issued and outstanding	5,193,830,685	₱5,193,830,685	5,193,830,685	₱5,193,830,685

Equity Reserve

On August 20, 2021, the Parent Company sold its investment to RCR by way of public offering at a selling price of ₱6.45 per share, with a total selling price amounting to P22.6 billion, net of transaction costs amounting to ₱871.3 million. As a result of the sale, the equity interest of the Parent Company over RCR changed from 100% to 63%. The excess of the total consideration received over the carrying value of the interest transferred to the non-controlling interest is included under “Equity reserve” in the consolidated statements of financial position.

Capital Management

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

The Group monitors its use of capital structure using a debt-to-capital ratio which is gross debt divided by total equity. The Group includes within gross debt all interest-bearing loans and borrowings, while capital represents total equity.

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

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
(a) Loans payable (Note 18)	₱47,019,826,143	₱53,603,778,783
(b) Equity attributable to equity holders of the Parent Company	₱126,369,860,760	₱101,839,321,911
(c) Debt-to-capital ratio (a/b)	0.37:1	0.53:1

As of September 30, 2021 and December 31, 2020, the Group is compliant with its debt covenants with lenders.

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

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

	2021 (Unaudited)	2020 (Unaudited)
a. Net income attributable to equity holders of Parent Company	₱6,332,464,080	₱4,399,333,810
b. Weighted average number of common shares outstanding adjusted	5,193,830,685	5,193,830,685
c. Earnings per share (a/b)	₱1.22	₱0.85

There were no potential dilutive shares in 2021 and 2020.

21. Related Party Transactions

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

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

	September 30, 2021			
	Amount/ Volume	Receivable (Payable)	Terms	Conditions
Ultimate Parent Company				
Rental income/receivable (a)	₱114,085,185	₱52,212,646	Three to five year lease terms at prevailing market lease rates; renewable at the end of lease term	Unsecured; no impairment
Payable to affiliated companies (b)	233,748,944	(363,993,356)	Non-interest bearing; due and demandable	Unsecured
Under common control of Ultimate Parent Company				
Cash and cash equivalents (c)				
• Cash in banks	5,207,741,680	5,662,927,995	Interest bearing at prevailing market rate; at 1.00% to 1.13% per annum due and demandable	Unsecured; no impairment
• Short-term investments	8,812,013,862	8,812,013,862	Interest bearing at prevailing market rate; at 1.13% to 3.50% per annum due and demandable	Unsecured; no impairment
• Interest income	3,834,849	3,043,068		
Rental income/receivable (a)	1,624,484,365	256,349,741	Three to twenty year lease terms at prevailing market lease rate; renewable at the end of lease term	Unsecured; no impairment
Advances to (b)	2,984,693	32,833,584	Non-interest bearing; due and demandable	Unsecured; no impairment
Advances from (b)	(30,549,816)	(95,848,091)	Non-interest bearing; due and demandable	Unsecured
Due to lot owner (f)	3,494,160,000	(3,144,744,000)	Non-interest bearing; payable within three years	
Joint ventures in which the Parent Company is a venturer				
Advances to (b)	979,696,219	1,979,696,219	Interest-bearing at PDST R2 of applicable interest period	Unsecured; no impairment
Sale of land - deposits from real estate buyers (d)	1,082,220,000	-	Non-interest bearing; due in one year	Unsecured; no impairment
Sale of land - installment contract receivables (e)	-	1,002,980,000	Interest bearing at 4% interest rate; with remaining 2 annual installments	Unsecured; no impairment
Sale of land - installment contract receivables (e)	1,519,200,000	1,350,400,000	Interest bearing at 4% interest rate; with remaining 1 annual installment	Unsecured; no impairment
Elimination of excess of gain on sale against investment in joint venture - deposits from real estate buyers (e)	-	(512,310,219)		
Interest income from sale of land - installment contract receivables (e)	186,783,905	186,783,905		
Elimination of excess of interest income against investment in joint venture - deposits from real estate buyers (e)	93,391,953	(93,391,953)		
Advances to lot owners	-	375,376,524	Non-interest bearing; due and demandable	Unsecured; no impairment
	₱15,504,329,926			

December 31, 2020				
	Amount/ Volume	Receivable (Payable)	Terms	Conditions
Ultimate Parent Company				
Rental income/receivable (a)	P79,100,497	P73,384,001	Three to five-year lease terms at prevailing market lease rates; renewable at the end of lease term	Unsecured; no impairment
Payable to affiliated companies (b)	28,392,644	(130,244,412)	Non-interest bearing; due and demandable	Unsecured
Under common control of Ultimate Parent Company				
Cash and cash equivalents (c)				
Cash in banks	(739,506,924)	455,186,315	Interest bearing at prevailing market rate; at 0.20% to 0.25% per annum; due and demandable	Unsecured; no impairment
Short-term investments	1,093,000,267	1,093,000,267	Interest bearing at prevailing market rate; at 0.375% to 1.25% per annum; due and demandable	Unsecured; no impairment
Interest income	8,225,042	1,588,149		
Rental income/receivable (a)	2,024,233,627	188,601,404	Three to 20-year lease terms at prevailing market lease rates; renewable at the end of lease term	Unsecured; no impairment
Advances to (b)	4,532,524	29,848,891	Non-interest bearing; due and demandable	Unsecured; no impairment
Payable to affiliated companies (b)	64,997,888	(126,397,907)	Non-interest bearing; due and demandable	Unsecured
Joint ventures in which the Parent Company is a venturer				
Advances to (b)	(330,000,000)	1,000,000,000	Interest-bearing at PDST R2 of applicable interest period	Unsecured; no impairment
Sale of land – deposits from real estate buyers (d)	–	(2,705,550,000)	Non-interest bearing; due in one year	Unsecured; no impairment
Sale of land - installment contract receivables (e)	–	2,005,960,000	Interest bearing at 4% interest rate; with remaining 2 annual installments	Unsecured; no impairment
Elimination of excess of gain on sale against investment in joint venture - deposits from real estate buyers (e)	–	(895,520,498)		
Interest income from sale of land - installment contract receivables (e)	101,099,160	101,099,160		
Elimination of excess of interest income against investment in joint venture - deposits from real estate buyers (e)	50,549,580	(50,549,580)		
Other related parties				
Advances to lot owners	100,977	375,376,524	Non-interest bearing; due and demandable	Unsecured; no impairment
		P1,415,782,314		

Outstanding balances consist of the following:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Cash and cash equivalents (Note 6)	P14,474,941,857	P1,548,186,582
Advances to affiliated companies (Note 7)	2,012,529,803	1,029,848,891
Advances to lot owners (Note 13)	375,376,524	375,376,524
Rental receivables (Note 7)	308,562,387	261,985,405
Others (Note 7)	3,043,068	1,588,149
Installment contract receivables (Note 9)	2,540,163,905	2,107,059,160
Deposits from real estate buyers (Note 15)	(605,702,172)	(3,651,620,078)
Payable to affiliated companies (Note 17)	(459,841,447)	(256,642,319)
Due to lot owner	(3,144,744,000)	–
	P15,504,329,926	P1,415,782,314

Significant transactions with related parties are as follows:

a) *Rental income*

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

b) *Advances to (from) affiliated companies*

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

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

The Parent Company has outstanding advances to SRPI amounting to ₱1,980 million and ₱1,000 million as of September 30, 2021 and December 31, 2020, respectively.

c) *Cash and cash equivalents*

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

d) *Sale of Land – RHK Land Corporation*

In 2018, the Parent Company also entered into a contract to sell a parcel of land located within the Bridgetowne Complex in Pasig City with RHK Land Corporation. Total selling price of the land is ₱2,706 million (net of value added tax) which was fully paid as of December 31, 2018. Revenue from the sale of land was recognized in April, 2021 upon full delivery of the performance obligation.

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

In June 2018, the Parent Company entered into a contract to sell two (2) adjoining parcels of land located at Bonifacio, Global City Taguig, with Shang Robinsons Properties Inc. (SRPI), a joint venture with Shang Properties, Inc. (SPI). Total selling price is ₱5,015 million (net of value added tax) and shall be payable in five (5) annual installments, with interest at a rate of 4% per annum on the unpaid amount of the purchase price. Out of the amount of selling price and cost of land, ₱2,507 million and ₱398 million were recognized in real estate sales and cost of real estate sales, respectively. These amounts represent the portion sold to SPI by virtue of its 50% ownership in SRPI. The remaining 50% will be recognized as the SRPI starts to sell to its customers. For the nine months ended September 30, 2021, the Parent Company realized ₱131 million from this deferred gain.

As of September 30, 2021, ₱1,588 million was charged against the carrying value of the Investment in SRPI and ₱512 million is currently presented under noncurrent contract liabilities. Outstanding balance for the purchase price amounted to ₱1,003 million presented under contract assets while interest from the said receivable amounted to ₱254 million.

The Parent Company also entered into a contract to sell a portion of its parcel of land located at Bridgetowne East, Pasig City. Total selling price is ₱3,038 million (net of value added tax) and shall be payable in three (3) installments, with interest at a rate of 4% on the unpaid amount of

the purchase price. As of September 30, 2021, outstanding balance of the purchase price amounted to ₱1,350 million.

f) Due to Lot Owner

In May 2021, the Parent Company entered into a Deed of Absolute Sale with an affiliate, wherein the Parent Company purchased a 58,236 square-meter parcels of land located along Amang Rodriguez Avenue, Rosario, Pasig City for a total purchase price of ₱3,494 million (net of value added tax) and shall be payable in five (5) installments for three (3) years. As of September 30, 2021, outstanding balance of the purchase price amounted to ₱3,144 million.

Terms and conditions of transactions with related parties

There have been no guarantees provided or received for any related party receivables or payables. The Group has not recognized any impairment losses on amounts receivables from related parties for the nine months ended September 30, 2021 and 2020. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

Compensation of key management personnel by benefit type follows:

	September 30, 2021	September 30, 2020
	(Unaudited)	(Unaudited)
Short-term employee benefits	₱1,030,453,023	₱909,380,478
Post-employment benefits	14,957,339	18,615,309
	₱1,045,410,362	₱927,995,787

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

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

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

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

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

22. Revenue

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

	September 30, 2021 (Unaudited)	September 30, 2020 (Unaudited)
Revenue from contracts with customers		
Recognized over time		
Residential development	₱15,439,350,967	₱9,509,860,680
Integrated developments	2,857,341,645	85,068,299
	18,296,692,612	9,594,928,979
Recognized at a point in time		
Hotels and resorts	839,432,096	856,415,515
Amusement income	-	219,664,010
	839,432,096	1,076,079,525
Total revenue from contracts with customers	19,136,124,708	10,671,008,504
Rental income	7,849,417,636	8,209,920,874
Other income	3,895,905,380	3,062,719,680
	₱30,881,447,724	₱21,943,649,058

Performance obligations

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

Real estate sales

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

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

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

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

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

Residential development

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

Real estate sales include interest income from installment contract receivable amounting to ₱39 million and ₱273 million for the nine months ended September 30, 2021 and 2020, respectively. These are also recognized over time.

Integrated developments

The real estate revenues amounting to ₱2,857 million and ₱85million for the nine months ended September 30, 2021 and 2020, respectively, pertain to the sale of parcels of land which were recognized at a point in time.

Costs to obtain contract

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

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Balance at the beginning of the period	₱114,512,720	₱230,171,138
Additions	-	654,107,757
Amortization (Note 25)	-	(769,766,175)
Balance at the end of the period	₱114,512,720	₱114,512,720

23. Costs and General and Administrative Expenses

Costs

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

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

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

General and Administrative Expenses

	September 30, 2021 (Unaudited)	September 30, 2020 (Unaudited)
Salaries and wages	₱881,962,040	₱791,611,185
Taxes and licenses	794,149,966	652,675,444
Commission	540,358,317	616,383,152
Advertising and promotions	131,330,414	139,038,024
Insurance	113,241,145	127,436,208
Light, water and communication	85,476,661	73,986,321
Rent	65,012,935	15,864,208
Association dues	37,962,059	108,592,210
Supplies	21,765,251	30,034,826
Travel and transportation	20,892,542	17,926,955
Entertainment, amusement and recreation	5,464,834	6,586,092
Others	29,444,704	62,492,984
	₱2,727,060,868	₱2,642,627,609

24. Income Tax

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

	September 30, 2021 (Unaudited)	September 30, 2020 (Unaudited)
Current		
RCIT	₱1,550,544,894	₱1,020,852,157
Final tax	3,981,025	12,823,442
MCIT	500,514	1,045,431
	1,555,026,433	1,034,721,030
Deferred	(1,057,473,125)	490,543,573
	₱497,553,308	₱1,525,264,603

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

	September 30, 2021 (Unaudited)	September 30, 2020 (Unaudited)
Statutory income tax rate	25.00%	30.00%
Reductions in income tax resulting from:		
Interest income subjected to final tax	(1.82)	(1.09)
Tax exempt real estate sales	-	(0.18)
Income subjected to BOI, PEZA and lower tax	(16.01)	(2.98)
Effective income tax rate	7.17%	25.75%

Deferred Income Taxes

Deferred tax assets as of September 30, 2021 and December 31, 2020 relate to the tax effects of lease liabilities, pension liabilities, accrued interest expense, allowance for impairment loss, accrued commissions and MCIT which amounted to ₱967 million and ₱1,128 million, respectively.

Deferred tax liabilities as of September 30, 2021 and December 31, 2020 relate to the tax effects of excess of real estate revenue based on percentage-of-completion over real estate revenue based on tax rules, unamortized capitalized interest expense, accrued rent income, right-of-use assets, unamortized debt issuance cost and fair value reserve of financial assets at FVOCI which amounted to ₱4,581 million and ₱5,919 million, respectively.

The net deferred tax liabilities as at September 30, 2021 and December 31, 2020 amounted to ₱3,614 million and ₱4,791 million, respectively.

The Group has deductible temporary difference that is available for offset against taxable income or tax payable for which deferred tax asset has not been recognized. This deductible temporary difference with no deferred tax assets recognized in the consolidated financial statements pertains to NOLCO of subsidiaries amounting to ₱10 million and ₱9 million as of September 30, 2021 and December 31, 2020, respectively. The deferred tax assets of the above deductible temporary differences for which no deferred tax assets have been recognized amounted to ₱3 million as of September 30, 2021 and December 31, 2020.

Bayanihan to Recover as One Act

Republic Act No. 11494 or the Bayanihan to Recover as One Act was signed into law on September 11, 2020. Pursuant to Revenue Regulations No. 25-2020 implementing relevant provisions of the Bayanihan to Recover as One Act relative to Net Operating Loss Carry-Over (NOLCO), unless otherwise disqualified from claiming the deduction, the business or enterprise which incurred net operating loss for taxable years 2020 and 2021 shall be allowed to carry over the same as a deduction from its gross income for the next five (5) consecutive taxable years immediately following the year of such loss. The net operating loss for said taxable years may be carried over as a deduction even after the expiration of the Bayanihan to Recover as One Act, provided the same are claimed within the next five (5) consecutive taxable years immediately following the year of such loss.

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

Period of recognition	Amount	Expired/ Applied	Balance	Expiry Date
September 30, 2021	₱1,074,744	₱-	₱1,074,744	September 30, 2026
December 31, 2020	150,926	-	150,926	December 31, 2025
	₱1,225,670	₱-	₱1,225,670	

As of September 30, 2021, the details of NOLCO incurred for taxable years prior to 2020 which are available for offset against future taxable income over a period of three (3) years are as follows:

Period of recognition	Amount	Expired/Applied	Balance	Expiry Date
December 31, 2019	₱8,613,865	₱-	₱8,613,865	December 31, 2022

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

Period of recognition	Amount	Expired/Applied	Balance	Expiry Date
September 30, 2021	₱500,514	₱-	₱500,514	September 30, 2024
December 31, 2020	2,002,924	-	2,002,924	December 31, 2023
December 31, 2019	4,699,110	-	4,699,110	December 31, 2022
December 31, 2018	403,217	-	403,217	December 31, 2021
	₱8,035,958	₱-	₱8,035,958	

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

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

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

- Effective January 1, 2021, income tax rate for nonresident foreign corporation is reduced from 30% to 25%.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.
- Foreign-sourced dividends received by domestic corporations are exempt from income tax subject to the following conditions:
 - i. The funds from such dividends actually received or remitted into the Philippines are reinvested in the business operations of the domestic corporation in the Philippines within the next taxable year from the time the foreign-sourced dividends were received;
 - ii. Shall be limited to funding the working capital requirements, capital expenditures, dividend payments, investment in domestic subsidiaries, and infrastructure project; and
 - iii. The domestic corporation holds directly at least 20% of the outstanding shares of the foreign corporation and has held the shareholdings for a minimum of 2 years at the time of the dividend distribution.
- Qualified domestic market enterprises shall be entitled to 4 to 7 years ITH to be followed by 5 years ED.
- For investments prior to effectivity of CREATE:
 - i. Registered business enterprises (RBEs) granted only an ITH – can continue with the availment of the ITH for the remaining period of the ITH.
 - ii. RBEs granted an ITH followed 5% GIT or are currently enjoying 5% GIT – allowed to avail of the 5% GIT for 10 years.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2011 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

Applying the provisions of the CREATE Act, the Company would have been subjected to lower regular corporate income tax rate of 21% to 25% effective July 1, 2020.

- This will result in lower provision for current income tax for the year ended December 31, 2020 and lower income tax payable as of December 31, 2020, which will be reflected in the Company's 2020 annual income tax return but will only be recognized for financial reporting purposes in its 2021 financial statements. Pending clarification from the tax authorities on how the taxable income for the period beginning July 1, 2020 will be computed, the Company has not quantified the impact of the lower corporate income tax rate on the 2020 current income tax.
- The CREATE Act reduced the Group's deferred tax assets, deferred tax liabilities, and other comprehensive income recognized as of December 31, 2020 by ₱153 million, ₱982 million and ₱31 million, respectively. These reductions were recognized in the 2021 financial statements.

25. Financial Risk Management Objectives and Policies

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

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

Risk Management Structure

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

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

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

Audit Committee

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

The AC also aims to ensure that:

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

Enterprise Risk Management Group (ERMG)

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

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

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

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

Risk Management Policies

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

Foreign Currency Risk

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

The Group does not have any foreign currency hedging arrangements.

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

	September 30, 2021 (Unaudited)		December 31, 2020 (Audited)	
Assets				
Cash and cash equivalents	\$10,345,098	₱527,599,981	\$3,003,011	₱144,213,560
Liabilities				
Accounts payable and accrued expenses	324,474	16,548,184	315,028	15,128,573
Net foreign currency-denominated assets	\$10,020,624	₱511,051,797	\$2,687,983	₱129,084,987

	September 30, 2021 (Unaudited)		December 31, 2020 (Audited)	
Assets				
Cash and cash equivalents	RMB682,867,586	₱5,403,774,989	RMB 1,579,549,449	₱11,621,323,409
Liabilities				
Accounts payable and accrued expenses	87,397,037	691,603,951	139,307,269	1,024,934,565
Net foreign currency-denominated assets	RMB595,470,549	₱4,712,171,038	RMB 1,440,242,180	₱10,596,388,844

	September 30, 2021 (Unaudited)		December 31, 2020 (Audited)	
Assets				
Cash and cash equivalents	SGD1,341	₱50,385	SGD 4,670	₱169,637

	September 30, 2021 (Unaudited)		December 31, 2020 (Audited)	
Assets				
Cash and cash equivalents	CAD3,098	₱123,790	CAD 4,604	₱172,172

The exchange rates used to translate the Group's USD-denominated assets and liabilities as of September 30, 2021 and December 31, 2020 follow:

	September 30, 2021	December 31, 2020
US Dollar - Philippine Peso exchange rate	₱51.00 to US\$1.00	₱48.02 to US\$1.00
	September 30, 2021	December 31, 2020
Chinese Yuan - Philippine Peso exchange rate	₱7.91 to RMB1.00	₱7.36 to RMB1.00
Singapore Dollar - Philippine Peso exchange rate	₱37.56 to SGD1.00	₱36.32 to SGD1.00
Canadian Dollar - Philippine Peso exchange rate	₱39.96 to CAD1.00	₱37.40 to CAD1.00

The following table sets forth the impact of the range of reasonably possible changes in the USD-PHP exchange rate on the Group's income before income tax for the nine months ended September 30, 2021 and 2020.

Reasonably Possible Changes in USD-PHP Exchange Rates	Change in Income Before Income Tax
<u>September 30, 2021</u>	
2.0% PHP appreciation	(₱10,221,036)
2.0% PHP depreciation	10,221,036
<u>September 30, 2020</u>	
2.0% PHP appreciation	(₱70,959,933)
2.0% PHP depreciation	70,959,933
Reasonably Possible Changes in RMB-PHP Exchange Rates	Change in OCI
<u>September 30, 2021</u>	
2.0% PHP appreciation	(₱94,243,421)
2.0% PHP depreciation	94,243,421
<u>September 30, 2020</u>	
2.0% PHP appreciation	(₱190,869,703)
2.0% PHP depreciation	190,869,703
Reasonably Possible Changes in SGD-PHP Exchange Rates	Change in Income Before Income Tax
<u>September 30, 2021</u>	
2.0% PHP appreciation	(₱1,007)
2.0% PHP depreciation	1,007
<u>September 30, 2021</u>	
2.0% PHP appreciation	(₱2,680)
2.0% PHP depreciation	2,680
Reasonably Possible Changes in CAD-PHP Exchange Rates	Change in Income Before Income Tax
<u>September 30, 2021</u>	
2.0% PHP appreciation	(₱2,476)
2.0% PHP depreciation	2,476

Sensitivity to foreign exchange rates is calculated on the Group's foreign currency denominated assets and liabilities, assuming a more likely scenario of foreign exchange rate of USD-PHP that can happen within 12 months after reporting date using the same balances of financial assets and liabilities as of reporting date.

Liquidity risk

Liquidity risk is the risk arising from the shortage of funds due to unexpected events or transactions. The Group manages its liquidity profile to be able to finance the capital expenditures and service the maturing debts. Its diversified earnings mix provides a solid financial base for the Group, and a stable source of funds for business expansion and other capital requirements. For its operating expenses, the Group maintains a sufficient level of cash and cash equivalents.

As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund-raising activities. Fund-raising activities may include bank loans and capital market issues both onshore and offshore. The Group likewise maintains short-term revolving credit facilities.

Balances due within six (6) months equal their carrying amounts, as the impact of discounting is insignificant.

	September 30, 2021						Total
	On Demand	1 to 3 months	3 to 12 months	More than 1 year but less than 5 years	5 years or more		
<i>Financial assets at amortized cost</i>							
Cash and cash equivalents	₱11,085,183,715	₱9,584,862,749	₱-	₱-	₱-		₱20,670,046,464
Receivables							
Trade	4,665,589,123	2,965,985,527	6,917,621,562	6,095,922,293	1,273,793,888		21,918,912,393
Affiliated companies	2,012,529,803	-	-	-	-		2,012,529,803
Others	62,554,005	748,057,976	53,107,436	-	-		863,719,417
Other assets							
Restricted cash	3,268,834,549	-	-	-	-		3,268,834,549
Utility deposits	9,052,260	-	-	534,415,277	151,741,178		695,208,715
Total financial assets	₱21,103,743,455	₱13,298,906,252	₱6,970,728,998	₱6,630,337,570	₱1,425,535,066		₱49,429,251,341
<i>Accounts payable and accrued expenses</i>							
Accounts payable and accrued expenses	₱3,709,614,975	₱8,366,785,381	₱3,744,599,645	₱677,742,244	₱883,888,195		₱17,382,630,439
Payables to affiliated companies and others (included under Deposits and other current liabilities)	459,841,447	-	-	-	-		459,841,447
Deposits from lessees	-	1,495,287,058	1,629,275,997	1,796,977,913	1,619,295,993		6,540,836,962
Lease liabilities	-	11,581,223	25,715,522	153,549,727	1,786,601,641		1,977,448,113
Loans payable and future interest payment	-	262,953,642	11,863,255,603	32,140,244,170	3,586,110,380		47,852,563,795
Other financial liabilities	₱4,169,456,422	₱10,136,607,304	₱17,262,846,767	₱34,768,514,054	₱7,875,896,209		₱74,213,320,756
	December 31, 2020						
	On Demand	1 to 3 months	3 to 12 months	More than 1 year but less than 5 years	5 years or more		Total
<i>Financial assets at amortized cost</i>							
Cash and cash equivalents	₱1,108,520,005	₱12,895,738,779	₱-	₱-	₱-		₱14,004,258,784
Receivables							
Trade	4,343,805,976	2,761,423,117	6,440,516,961	5,675,489,844	1,185,941,016		20,407,176,914
Affiliated companies	1,029,848,891	-	-	-	-		1,029,848,891
Others	61,895,813	740,186,931	52,548,641	-	-		854,631,385
Other assets							
Restricted cash	4,006,791,007	-	-	-	-		4,006,791,007
Utility deposits	8,719,131	-	-	514,748,450	146,157,005		669,624,586
Total financial assets	₱10,559,580,823	₱16,397,348,827	₱6,493,065,602	₱6,190,238,294	₱1,332,098,021		₱40,972,331,567

(Forward)

	December 31, 2020					
	On Demand	1 to 3 months	3 to 12 months	More than 1 year but less than 5 years	5 years or more	Total
Accounts payable and accrued expenses	₱2,796,338,396	₱6,306,951,899	₱2,822,710,129	₱510,887,699	₱666,282,219	₱13,103,170,342
Payables to affiliated companies and others (included under Deposits and other current liabilities)	256,642,319	–	–	–	–	256,642,319
Deposits from lessees	–	1,428,487,668	1,556,490,880	1,716,701,000	1,546,956,716	6,248,636,264
Lease liabilities	–	11,581,223	25,715,522	153,549,727	1,786,601,641	1,977,448,113
Loans payable and future interest payment	–	990,253,166	7,784,983,750	43,839,906,815	3,924,629,754	56,539,773,485
Other financial liabilities	₱3,052,980,715	₱8,737,273,956	₱12,189,900,281	₱46,221,045,241	₱7,924,470,330	₱78,125,670,523

Interest rate risk

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

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

The Group has no financial instruments with variable interest rates exposed to interest rate risk as of September 30, 2021 and December 31, 2020.

Credit risk

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

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

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

a. Credit risk exposure

The table below shows the gross maximum exposure to credit risk of the Group as of September 30, 2021 and December 31, 2020 without considering the effects of collaterals and other credit risk mitigation techniques:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Cash and cash equivalents (net of cash on hand)	₱19,863,597,618	₱13,994,251,961
Receivables - net		
Trade receivables		
Installment contract receivable - at amortized cost	13,820,146,138	14,941,310,062
Installment contract receivable - at FVOCI	693,755,795	931,573,340
Rental receivables	5,121,904,375	2,435,594,930
Accrued rent receivable	1,834,791,308	1,834,791,308
Hotel operations	448,314,777	263,907,274
<i>(Forward)</i>		

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Affiliated companies	P2,012,529,803	P1,029,848,891
Other receivables	863,719,417	854,631,385
Other assets		
Restricted cash - escrow	3,268,834,549	4,006,791,007
Utility deposits	695,208,715	669,624,586
Financial assets at fair value through OCI	129,718,939	129,718,939
	P48,622,802,495	P41,092,043,683

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

Applying the expected credit risk model did not result in the recognition of an impairment loss for all financial assets at amortized cost for the nine months ended September 30, 2021 and 2020.

b. Risk concentrations of the maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Group's financial strength and undermine public confidence.

Given the Group's diverse base of counterparties, it is not exposed to large concentrations of credit risks.

c. Credit quality per class of financial assets

The table below shows the credit quality by class of financial assets as of September 30, 2021 and December 31, 2020, gross of allowance for credit and impairment losses:

	September 30, 2021					Total
	High Grade	Neither Past Due Nor Impaired Standard Grade	Substandard Grade	Past Due but not Impaired	Past Due and Impaired	
Cash and cash equivalents (net of cash on hand)	P19,863,597,618	P-	P-	P-	P-	P19,863,597,618
Receivables:						
Trade receivables						
Installment contract receivables - at amortized cost	11,861,378,285	-	-	1,977,767,853	19,000,000	13,858,146,138
Installment contract receivables - at FVOCI	586,459,921	-	-	107,295,874	-	693,755,795
Rental receivables	1,236,693,218	-	-	4,075,359,879	190,148,722	5,502,201,819
Accrued rent receivables	1,834,791,308	-	-	-	-	1,834,791,308
Hotel operations	110,056,724	-	-	342,037,031	3,778,978	455,872,733
Affiliated companies	2,012,529,803	-	-	-	-	2,012,529,803
Other receivables	863,719,417	-	-	-	-	863,719,417
Other assets						
Restricted cash	3,268,834,549	-	-	-	-	3,268,834,549
Utility Deposits	695,208,715	-	-	-	-	695,208,715
Financial Assets at fair value through OCI	129,718,939	-	-	-	-	129,718,939
	P42,462,307,585	P-	P-	P6,503,141,549	P212,927,700	P49,178,376,834

	December 31, 2020					
	Neither Past Due Nor Impaired			Past Due but not Impaired	Past Due and Impaired	Total
	High Grade	Standard Grade	Substandard Grade			
Cash and cash equivalents (net of cash on hand)	₱13,994,251,961	₱-	₱-	₱-	₱-	₱13,994,251,961
Receivables:						
Trade receivables						
Installment contract receivables - at amortized cost	12,806,030,730	-	-	2,135,279,332	19,000,000	14,960,310,062
Installment contract receivables - at FVOCI	787,496,740	-	-	144,076,600	-	931,573,340
Rental receivables	567,028,167	-	-	1,868,566,763	190,148,722	2,625,743,652
Accrued rent receivables	1,834,791,308	-	-	-	-	1,834,791,308
Hotel operations	64,245,015	-	-	199,662,259	3,778,978	267,686,252
Affiliated companies	1,029,848,891	-	-	-	-	1,029,848,891
Other receivables	854,631,385	-	-	-	-	854,631,385
Other assets						
Restricted cash	4,006,791,007	-	-	-	-	4,006,791,007
Utility Deposits	669,624,586	-	-	-	-	669,624,586
Financial Assets at fair value through OCI	129,718,939	-	-	-	-	129,718,939
	₱36,744,458,729	₱-	₱-	₱4,347,584,954	₱212,927,700	₱41,304,971,383

High grade cash and cash equivalents are short-term placements and working cash fund placed, invested, or deposited in foreign and local banks belonging to the top ten (10) banks, including an affiliate bank, in the Philippines in terms of resources, profitability and credit standing.

High grade accounts, other than cash and cash equivalents, are accounts considered to be of high value. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits. Receivable from installment contract receivables are considered high grade as title of the real estate property of the subject receivable passes to the buyer once fully paid. Standard grade accounts are active accounts with propensity of deteriorating to mid-range age buckets. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

Substandard grade accounts are accounts which have probability of impairment based on historical trend. These accounts show propensity to default in payment despite regular follow-up actions and extended payment terms.

26. Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents, trade receivables (except installment contract receivables), other receivables, utility deposits, receivable and payable to affiliated companies and accounts payable and accrued expenses are approximately equal to their fair value due to the short-term nature of the transaction.

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

	September 30, 2021		December 31, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Installment contract receivable				
Measured at amortized cost	₱13,820,146,138	₱13,257,980,114	₱14,941,310,062	₱14,435,223,345
Measured at FVOCI	693,755,795	693,755,795	931,573,340	931,573,340
Equity investment at FVOCI	129,718,939	129,718,939	129,718,939	129,718,939
Utility deposits	695,208,715	633,786,144	669,624,586	617,242,771
Retentions payable	590,711,316	547,672,947	510,887,699	477,279,098
Deposits from lessees	6,540,836,962	6,115,831,629	6,248,025,012	5,884,371,416
Lease liabilities	1,977,448,113	1,702,750,595	1,977,448,113	1,742,281,832
Loans payable	47,019,826,143	47,852,563,795	53,603,778,783	56,539,773,485

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

The fair value of equity investment at FVOCI is determined using the discounted cash flow method using the applicable rates as of September 30, 2021 and December 31, 2020.

Fair Value Hierarchy

The Group uses the following hierarchy for determining the fair value of financial instruments:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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

The fair value of installment contracts receivables, deposits from lessees and loans payable disclosed in the consolidated financial statements is categorized within level 3 of the fair value hierarchy. There has been no reclassification from Level 1 to Level 2 or 3 category.

27. Commitments and Contingencies

Operating Lease Commitments - Group as Lessor

The Group has entered into commercial property leases on its investment property portfolio. These non-cancellable leases have remaining non-cancellable lease terms of between 1 and 10 years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions. The lease contracts also provide for the percentage rent, which is a certain percentage of actual monthly sales or minimum monthly gross sales, whichever is higher. Total rent income amounted to ₱7,849 million and ₱8,210 million for the nine months ended September 30, 2021 and 2020, respectively. Total percentage rent recognized as income for the nine months ended September 30, 2021 and 2020 amounted to ₱1,739 million and ₱1,076 million, respectively.

In March 2020, as a result of the COVID-19 pandemic and the enhanced community quarantine implemented by the Philippine government, the Group has granted rent concession to its selected mall and office building tenants. The Group has recorded the effect of the rent concession amounting to ₱3,185 million and ₱2,913 million as an adjustment to its rental income for nine months ended September 30, 2021 and 2020, respectively.

Finance Lease Commitments - Group as Lessor

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

Group as a lessee

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

Right-of-use assets

The rollforward analysis of this account for the nine months ended September 30, 2021 and for the year ended December 31, 2020 follows:

	September 30, 2021	December 31, 2020
	(Unaudited)	(Audited)
Right-of-Use: Land		
Cost		
At beginning of the period	₱1,380,921,785	₱1,380,921,785
Additions	158,508,719	-
At the end of the period	1,539,430,504	1,380,921,785
Accumulated Depreciation and Amortization		
At beginning of the period	268,619,019	208,817,089
Depreciation (Note 24)	17,293,295	59,801,929
At the end of the period	285,912,314	268,619,018
Net book value	₱1,253,518,190	₱1,112,302,767

The variable lease payments recognized in the consolidated statement of comprehensive income for nine months ended September 30, 2021 and 2020 amounted to ₱52 million and ₱27 million, respectively.

Lease liabilities

The rollforward analysis of lease liabilities follows:

	September 30, 2021	December 31, 2020
	(Unaudited)	(Audited)
At beginning of the period	₱1,977,448,113	₱1,935,884,238
Additions	100,027,575	-
Interest expense (Note 26)	7,922,169	147,011,090
Payments	-	(105,447,215)
At the end of the period	₱2,085,397,857	₱1,977,448,113
Current lease liabilities (Note 15)	₱37,296,745	₱37,296,745
Noncurrent lease liabilities (Note 17)	₱2,048,101,112	₱1,940,151,368

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

Capital Commitments

The Group has contractual commitments and obligations for the construction and development of investment properties and property and equipment items aggregating ₱18,536 million and ₱15,155 million as of September 30, 2021 and December 31, 2020, respectively. Moreover, the Group has contractual obligations amounting to ₱8,136 million and ₱7,386 million as of September 30, 2021 and December 31, 2020, respectively, for the completion and delivery of real estate units that have been presold.

Contingencies

The Group has various collection cases or claims against or from its customers and certain tax assessments, arising in the ordinary conduct of business which are either pending decision by the courts or being contested, the outcome of which are not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Group's financial position and results of operations. The Group does not believe that such assessments will have a material effect on its operating results and financial condition. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the outcome of pending assessments.

28. Subsequent Events

Impact of COVID-19 Outbreak on the Group's Operations

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

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

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

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

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

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

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

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

The Parent Company has implemented appropriate and enhanced measures in an effort to contain the spread of the virus within its properties and workplace. To ensure adequate social distancing, mall operating hours have been adjusted for operational stores, social distancing floor markers have been strategically placed and entry of customers is closely monitored. Infrared non-contact thermal scanners are being used and hand sanitizers and foot baths have been installed in all the entry points to the Group's properties. All its front liners are required to conduct frequent handwashing, wear protective masks or gear, and implement effective cleaning procedures in all its properties.

Moreover, sanitation teams have been reinforced to carry out deep disinfection procedures especially in high-touch areas such as elevators and escalators in its lifestyle centers, offices, hotels, residential buildings and industrial facilities. In the workplace, corporate policies have been established to use digital or online platforms for corporate communications and virtual meetings in order to limit physical contact. Decentralized and/or remote-working arrangements for the Group's employees have also been instituted. As early as January 2020, the Group has launched information campaigns apprising and educating its stakeholders of the risks of COVID-19 and the ways to prevent its transmission.

Lastly, the Group has calibrated its re-entry strategies and workplace re-integration in preparation for business resumption once the ECQ is lifted. The Parent Company's main focus is to ensure a safe environment for its customers and employees in order to rebuild workplace and business confidence.

As the Parent Company actively monitors developments and assess the impact of the foregoing in its operations and financial performance, the Group remains confident that it will continue to deliver a solid financial performance given the aforementioned mitigation efforts it has adopted as well as due to its diversified and well-balanced property portfolio that caters to different customer segments and are strategically located in key cities and provinces in the Philippines and abroad.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES

AGING OF RECEIVABLES

As of September 30, 2021

	Total	Neither Past Due nor Impaired	Past Due But Not Impaired			Past Due and Impaired	
			Less than 30 days	30 to 60 days	61 to 90 days		Over 90 days
Trade receivables							
Installment contract receivables – at cost	P13,839,146,138	P11,861,378,285	P280,213,177	P190,650,138	P107,987,853	P1,398,916,685	P19,000,000
Installment contract receivables – at FMV	693,755,795	586,459,921	12,941,076	9,691,624	6,347,518	78,315,658	–
Rental receivables	5,312,053,097	1,236,693,218	566,435,735	554,138,339	440,184,603	2,514,601,202	190,148,722
Accrued rent receivables	1,834,791,308	1,834,791,308	–	–	–	–	–
Hotel operations	452,093,755	110,056,724	147,864,180	16,872,765	5,609,652	171,690,433	3,778,978
Affiliated companies	2,012,529,803	2,012,529,803	–	–	–	–	–
Others	863,719,417	863,719,417	–	–	–	–	–
	P25,008,089,313	P18,505,628,676	P1,007,454,168	P771,352,866	P560,129,626	P4,163,523,978	P212,927,700

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS

Ratio	Formula	September 30, 2021	December 31, 2020
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.61	1.49
Acid test ratio (Quick ratio)	$\frac{(\text{Cash and cash equivalents} + \text{Current receivables} + \text{Other current assets})}{\text{Current liabilities}}$	0.86	0.71
Debt-to-equity ratio	$\frac{(\text{Short-term loans} + \text{Long-term loans})}{\text{Equity attributable to equity holders of the Parent Company}}$	0.37	0.53
Asset-to-equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	1.77	2.10

Ratio	Formula	September 30, 2021	September 30, 2020
Solvency ratios*	$\frac{\text{Earnings before interest, taxes, depreciation and amortization}}{(\text{Short-term loans} + \text{Long-term loans})}$	0.31	0.30
Interest coverage ratio	$\frac{\text{Earnings before interest and taxes}}{\text{Interest expense} + \text{Capitalized interest expense}}$	4.50	4.13
Return on equity*	$\frac{\text{Net income attributable to equity holders of Parent Company}}{\text{Equity attributable to equity holders of the Parent Company}}$	0.06	0.07
Return on assets*	$\frac{\text{Net income attributable to equity holders of Parent Company}}{\text{Total assets}}$	0.03	0.03
Net profit margin	$\frac{\text{Earnings before interest and taxes}}{\text{Total revenues}}$	0.26	0.32

*For the nine months ended September 30, 2021 and 2020, the ratio was calculated on a last twelve months basis.