


SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the calendar year ended: **31 December 2020**
2. SEC Identification Number: **CS-200411593**
3. BIR Tax Identification No.: **232-639-838**
4. Exact name of issuer as specified in its charter: **ANCHOR LAND HOLDINGS, INC.**
5. **Makati City, Philippines**
Province, Country or other jurisdiction of
incorporation or organization
6.  (Use Only)
Industry Classification Code:
7. **11th Floor, L.V. Locsin Bldg., 6752 Ayala Ave. cor Makati Ave., Makati City**
Address of principal office Postal Code
8. **(632) 8988- 7988**
Issuer's telephone number, including area code
9. **Not applicable**
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common and Preferred Stock Outstanding and Amount of Debt Outstanding
Common Stock: ₱1.00 par value	1,040,001,000 Shares
Preferred Stock: ₱1.00 par value	346,667,000 Shares
Loans Payable	₱19,310,647,503

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

Yes ☒ No ☐

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

Philippine Stock Exchange

Common Stock

12. Check whether the issuer:

- (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes ☒ No ☐

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

Yes ☒ No ☐

13. Aggregate market value of the voting stock held by non-affiliates of the registrant as at December 31, 2020:

Assumptions:

- | | | |
|-----|---|--------------------------|
| (a) | Total number of shares held by non-affiliates as at December 31, 2020 | <u>261,343,209</u> |
| (b) | Closing price of the Registrant's share on the exchange as at December 31, 2020 | <u>P8.15</u> |
| (c) | Aggregate market price of (a) as at December 31, 2020 | <u>P2,129,947,153.35</u> |

**APPLICABLE ONLY TO ISSUERS INVOLVED IN
INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS
DURING THE PRECEDING FIVE YEARS:**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes ☐ No ☒ Not Applicable

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

None

MANAGEMENT REPORT

Amidst a global pandemic that caused severe disruptions in the daily lives of people all over the world in 2020, Anchor Land Holdings, Inc. soldiered on to protect our shareholders by maintaining profitability despite immense challenges.

As a result, we ended the year with a ₱351.39 million net profit and increased our assets by ₱2.11 billion, which we consider as solid foundations to build upon and return to rising profitability in the near-term.

Our net income was down 56.8% from the previous year's ₱814.27 million. This was mainly brought about by lower real estate sales totalling ₱2.13 billion, a decrease of ₱2.61 billion from the 2019 sales of ₱4.73 billion as investors took a wait-and-see attitude and held on to their cash for possible emergencies.

Revenues were likewise impacted by government protocols to contain the pandemic, including restricting people's movement that prevented construction projects from timely completion as well as limiting marketing and selling activities.

It was not only the real estate industry that was adversely affected by the restrictions but the entire Philippine economy, with the 2020 GDP contracting by -9.6%, the lowest since the country started tracking economic data in 1946 after World War II.

However, Anchor Land Holdings, Inc. is optimistic that the economic slowdown is temporary and that a quick recovery is underway.

This optimism is borne by the fact that several vaccines have been rapidly developed and deployed by major pharmaceutical companies around the world, which should enable the global economy to quickly bounce back and people are able to return to normal lives.

And, while awaiting a return to the new normal, the Group has lined up at least five new projects for the coming year in and around Manila's Chinatown: One Legacy Grandsuites, Cornell Parksuites, One Financial Center, Recto Logistics and Rosan Logistics.

Another source of optimism is the continuing improvement in our rental revenues, which in 2020 breached the ₱1 billion level to ₱1.02 billion, an increase of 30.6% from the previous year's ₱782.99 million.

More significantly, rental income contributed 26.2% to the Group's total consolidated revenue in 2020, and its biggest source was The Centrium, our first office project consisting of two towers at the Entertainment City District where office spaces are in high demand and thus command a huge premium.

Despite the movement restrictions imposed by the government, we were able to continue construction activities for The Centrium, Cosmo Suites and Admiral Hotel – all of which are expected to further grow our recurring income stream upon full completion.

There are other encouraging results in 2020.

By the end of the year, The Group's total assets stood at ₱35.63 billion, an increase of ₱2.11 billion or 6% from the previous year's ₱33.52 billion.

The asset growth was mainly due to increases in real estate for development and sale; properties and equipment and investment properties; and other assets, including noncurrent portion, by ₱264.36 million.

Meanwhile, construction and development costs related to the Group's ongoing projects, particularly the Centrium, Admiral Hotel, Central Link and Cosmo Suites, caused the increase in properties and equipment and investment properties to a combined ₱17.94 billion, up by ₱950.62 million from ₱16.99 billion year-on-year.

The increase in other assets mainly came from advances to contractors for the Central Link, the Public-Private Partnership (PPP) project with the Paranaque City government.

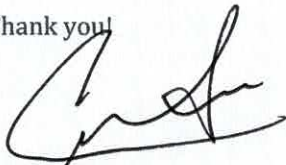
Total liabilities, on the other hand, grew by ₱1.85 billion partly due to loans availed in 2020. Payables related to the Group's ongoing projects also increased, as well as customer's deposits and advances from buyers that include collections not yet recognized as revenue.

Combined with our vast experience, a steady pipeline of new and exciting projects, and continuing innovations in the way we do business and engage customers, Anchor Land is ready to seize opportunities in the local real estate market once the situation improves.

By the year 2021, we hope to resume normal operations across all business fronts. However, considering the evolving nature of the pandemic, we shall remain vigilant and adopt risk management procedures along with business continuity strategies to mitigate the adverse impact of the pandemic.

Rest assured that, despite the headwinds, Anchor Land is prepared for the eventual economic recovery in the Philippines and the rest of the world.

Thank you!

A handwritten signature in black ink, appearing to read 'Charles Stewart Lee', with a stylized, flowing script.

Charles Stewart Lee
Chairman
Anchor Land Holdings, Inc.

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

BUSINESS OVERVIEW

Anchor Land Holdings, Inc. ("ALHI" or the "Company") was registered with the Philippine Securities and Exchange Commission ("SEC" or the "Commission") on July 29, 2004 with an authorized capital stock of ₱10,000,000.00 divided into 100,000 common shares with a par value of ₱100.00.

The Company is the holding company of the ALHI Group (the "Group") with principal business interest in real estate organized to acquire by purchase, lease, donation, or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, and hold for investment, real estate of all kinds, whether to improve, manage or otherwise dispose of buildings, houses, apartments, and other structures of whatever kind, together with their appurtenances.

The Company traces its roots to Anchor Properties Corporation. Anchor Properties Corporation was incorporated in July 15, 2003. It commenced commercial operations on April 30, 2004, simultaneously with the start of the construction of its Lee Tower project.

The Company was founded by a group of entrepreneurs led by Mr. Stephen L. Keng and Mr. Steve Li. The Company was primarily organized to engage in real estate development and marketing focusing initially in high-end residential condominiums within the Manila area. It started business operations on November 25, 2005.

On December 13, 2006, the board of directors and stockholders of the Company approved and authorized the plan of merger of Anchor Properties Corporation, with the Company as the surviving entity. Simultaneously with the approval of the Company's merger with Anchor Properties Corporation, the Company's board of directors and stockholders also approved amendments to Company's Articles as follows: (a) reduction of the par value from ₱100.00 to ₱1.00 resulting in stock split and increase in authorized capital stock from ₱10,000,000.00 to ₱1,000,000,000.00. Both companies are substantially under common control and the merger of the two companies was done to consolidate their real estate projects under one group.

On July 7, 2011, the board of directors and stockholders of the Company approved the amendment of the Company's Articles of Incorporation as follows: a) increase in authorized capital stock of the Company from 1,000,000,000 shares of common stock with par value of ₱1.00 per share to 2,300,000,000 shares of common stock with par value of ₱1.00 per share; and b) increase in authorized capital stock of the Company by creating 1,300,000,000 units of 8%, voting, preferred shares with par value of ₱1.00 per share.

On November 8, 2013, the Philippine SEC approved the increase of capital stock of ALHI from ₱3,600,000,000.00 divided into 2,300,000,000 common shares and 1,300,000,000 preferred shares, both with a par value of ₱1.00 each to ₱4,800,000,000.00 divided into 3,500,000,000 common shares and 1,300,000,000 preferred shares, both with a par value of ₱1.00 per share.

BUSINESS PLAN

Despite the severe impact of the coronavirus pandemic on the global and local economies in 2020, Anchor Land Holdings, Inc., was able to weather the challenges and ended the year with a net income of ₱351.39 million, reflecting our strong financial position and sound business strategies.

We also learned valuable insights from emerging market trends that were further highlighted during the pandemic, including a dramatic consumer shift to e-commerce which provides us the impetus to develop more logistics centers to cater to this growing segment.

Full Digitalization, E-Commerce Push

The lessons of 2020 made ALHI more determined than ever to continue our path towards full digitization and to further embrace electronic technologies in all facets of our operations, especially towards digital marketing and customer care that were started long before the pandemic hit the entire world.

The key for the Group, moving forward, is to further strengthen our resilience and our capability to rise above unforeseen challenges by embracing more innovations and cutting-edge solutions, and to apply them to both our property developments and corporate culture.

This means that current and future projects will see the incorporation of more intelligent and environment-friendly building designs that will enable our customers to live and do business in absolute comfort and safety without sacrificing aesthetics and productivity.

These modern and intelligent building features are already standard in our developments, but we shall endeavor to further maximize their use and potential applications so that our projects will all be “future-ready”.

In terms of marketing and customer support, we continuously pursue innovations such as the creation of virtual project site tours that will bring real-life images to our customers, rendered in such vivid details that makes the visitors feel as if they are in actually in the units they plan to purchase.

We have likewise adopted the use of video conferencing facilities and applications for our sales personnel, both for training and reporting purposes. This eliminates the need for actual long-distance travel especially as the Group pursues the development of more projects across the archipelago.

Customers shall also have the option to talk with our sales and marketing personnel anytime, anywhere to discuss project development updates, payment options. This greatly benefits our overseas clients especially during times of restricted and limited travel.

Resilience and Risk Reduction Through Diversification

One of our long-standing business principles to guarantee resilience and risk reduction has been the diversification of our project offerings.

From the luxury residential condominiums that have become our trademark since we started in Binondo, we have expanded to logistics centers, office developments, co-living spaces, as well as hotels and tourist facilities all over the country.

Many of these newer developments create more recurring rental flow for the Group, thus insulating us further from fluctuations in the residential-commercial market.

Our success in this endeavor is reflected by the upward trend in Anchor Land’s rental income through the past five years so that, in 2020, we broke through the ₱1 billion mark in this revenue category.

Our 2020 rental income received a huge boost from the opening of the Centrium, our first office project which has been a LEED Pre-Certified Gold 12-story development consisting of two towers to meet the growing demand for such spaces at the Entertainment City District.

Construction is also in full swing for our first public-private partnership or PPP endeavor, the Central Link, which is a Php4 billion joint venture with the Parañaque City Government that commenced in 2019.

The Central Link boasts of three purpose-specific buildings: A satellite office tower for the host city government, a corporate office tower and a co-living tower. They are all designed to create more jobs as well as to bring government services closer to the Bay City.

Outside of Metro Manila, our 202 Peaklane project in the heart of Davao City continues to rise. This 28-story, two-tower development is a perfect vehicle for property investments because of its strategic location and top-notch amenities.

Strong, Sustainable Growth

In terms of market share, we continue our niche developments that include reshaping and revitalizing Manila's Chinatown district – a prime example of how well-conceived development concepts can help uplift and usher an entire community into the future.

Our Chinatown portfolio continues to grow by the day, thanks to our deep understanding and intimate knowledge of the community where Anchor Land is already considered part of the family.

This is evidenced by our ongoing projects in the district like Anchor Grandsuites, 8 Alonzo Parksuites, and Juan Luna Logistics Center which have been warmly received just like our previous offerings.

Another fertile field for bold and audacious development plans is the Manila Bay Area where Anchor Land has helped create a pulsing, vibrant business and entertainment hub that has become one of the most dynamic and fastest growing in the country.

Ongoing developments such as The Centrium at the Bay City within the jurisdiction of Parañaque, together with Cosmo Suites and Kanlaon Tower in Pasay City, are designed to boost and complement the booming BPO and KPO industries in this strategic commercial and leisure center.

Along Roxas Boulevard, we have ongoing projects like the Admiral Grandsuites and the Admiral Hotel Manila MGallery boutique hotel to further strengthen Anchor Land's position in the Bay Area.

A Steady Stream of Development

To ensure sustained growth and availability of inventory, Anchor Land has at least 12 new projects planned for launching in the near future, including five that will be started in 2021.

These developments range from residential and office developments to logistics centers and hotel and tourism establishments in accordance with the Group's goal of continuous diversification.

New Projects in 2021

In Chinatown, we intend to further expand our footprint by launching at least four new projects in 2021, namely: One Financial Center, One Legacy Grandsuites, Cornell Parksuites and Rosan Logistics.

Our fifth offering for 2021, Recto Logistics, will be located in the adjacent Sta. Cruz district across the 168 Mall.

One Legacy Grandsuites and Cornell Parksuites will continue catering to the ever-growing residential market in Binondo while One Financial Center will be our first office building in the district to meet strong pent-up demand.

Rosan Logistics and Recto Logistics, for their part, will provide businessmen with increasing storage and logistics facilities as e-commerce continues to grow exponentially in the Philippines especially during the pandemic.

Projects in the Pipeline

Anchor Land's planned projects in the near future include high-end residential tower The Panorama Manila along Roxas Boulevard aimed at sustaining our momentum in the Bay Area.

Likewise, there are at least three more logistics centers in the pipeline, all in Chinatown: Divisoria Logistics and two as yet unnamed projects that will be built in company-owned properties along Yuchengo Street and Juan Luna Street.

Our hotel and resort developments in world-famous Boracay island and two others in Palawan – in the island municipalities of San Vicente and Coron – likewise remain in the pipeline as we await better opportunities and improved market conditions in the tourism sector.

We Are Here to Stay

While the year 2020 may have proven a challenging one, Anchor Land remains unfazed and unshaken in our commitment to continue creating value for our customers and shareholders.

We shall remain at the forefront of innovation in the local real estate industry, and continue our leadership in niche markets where we have built trust, confidence and the reputation for always creating new trends that soon become industry-wide practices.

KEY OPERATING SUBSIDIARIES

Anchor Properties Corporation (APC), formerly Manila Towers Development Corporation, was registered with the Philippine SEC on May 11, 1981. APC is a wholly owned subsidiary of ALHI and is engaged in residential development. APC's completed projects are Mandarin Square, Wharton Parksuites, and Oxford Parksuites. It is currently constructing a project in Davao City called 202 Peaklane, another project along T. Alonzo Street, Binondo called 8 Alonzo Parksuites, and is developing another project along Benavidez Street, Manila called One Legacy Grandsuites.

Posh Properties Development Corporation (PPDC), a wholly-owned subsidiary of ALHI, was registered with the Philippine SEC on January 29, 2008 and started operations thereafter. PPDC is engaged in the residential development of Solemare Parksuites Phase 1, Solemare Parksuites Phase 2, Clairemont Hills Parksuites and Monarch Parksuites, as well as commercial developments like One Shopping Center and Two Shopping Center. PPDC is also the developer of The Centrum, a project which will be dedicated for office and commercial spaces. Construction of PPDC's newest condominium project located along Macapagal Avenue, Copeton Baysuites, has already started, and the retrofitting of acquired Kanlaon Tower in Pasay City completed in 2020.

Gotamco Realty Investment Corporation (GRIC), registered with the Philippine SEC on August 27, 1969, was acquired by and became a wholly-owned subsidiary of ALHI in 2008. GRIC has completed its 56-storey residential condominium known as Anchor Skysuites in 2014. GRIC now has two projects along Masangkay St., Binondo: Anchor Grandsuites and Cornell Parksuites. GRIC is also constructing the Juan Luna Logistics Center in Binondo, Manila, and Cosmo Suites in Pasay City. The development of One Financial Center along Quintin Paredes Street, Manila has also begun.

Nusantara Holdings, Inc. (NHI) was registered with the Philippine SEC on December 11, 1995 and became a wholly owned subsidiary of APC in 2013 through the acquisition of its issued and outstanding shares. NHI has completed a luxurious 39-storey residential development called Princeview Parksuites along Quintin Paredes Street, Binondo, Manila.

Admiral Realty Company, Inc. (ARCI) was incorporated on August 31, 1963 and became a wholly-owned subsidiary of APC in 2009. ARCI has completed the construction of a luxury residential condominium called Admiral Baysuites, and is now in the completion stages of another luxury condominium project called Admiral Grandsuites. It is also completing the redevelopment of the Admiral Hotel into a boutique hotel. ARCI's future projects include one along Roxas Boulevard called The Panorama Manila, one in Coron, Palawan, one in San Vicente, Palawan, and one in Boracay, Aklan.

Momentum Properties Management Corporation (MPMC), incorporated on February 3, 2009, is 100% owned by ALHI. MPMC is involved in providing property management and consultancy services covering condominium and building administration, architectural plans review, and all other aspects ranging from leasing and facilities management.

1080 Soler Corp. (1080 Soler) was incorporated on June 8, 2010. It is wholly owned by Anchor Land Global Corporation (ALGC), which was incorporated on April 8, 2010 and is, in turn, another fully owned subsidiary of ALHI. It has completed, and is now operating, One Soler, a 10-storey structure that offers warehousing facilities, office and commercial spaces for lease in the Divisoria area.

Basiclink Equity Investment Corp. (BEIC), incorporated on January 24, 2011, is 60% owned by PPDC and 40% owned by ALGC. It has completed the construction of One Logistics Center, a 15-storey commercial building that offers office spaces and warehousing facilities in Baclaran.

Globeway Property Ventures, Inc. (GPVI), incorporated on October 25, 2012, is 70% owned by ALHI. It has completed a 5-storey structure named Bay Life Venue over a 4,897.50 square meters property located at Aseana City, Parañaque City for retail/restaurant purposes. The East Ocean Palace Restaurant, which is touted to be the biggest seafood restaurant in the Philippines, is now operational. Bay Life Venue includes private and open dining areas, commercial units, function rooms, holding rooms and a roof deck.

Eisenglas Aluminum and Glass, Inc. (EAGI), incorporated on March 4, 2011, is 60% owned by MPMC. EAGI's primary purpose is to install and sell aluminum, glass and hardware products.

Anchor Land Hotels & Resorts, Inc. (ALHRI) was incorporated on June 13, 2017 and is a wholly-owned subsidiary of ALHI. ALHRI was formed and organized to operate and manage the Admiral Hotel and future hotel and resort developments.

TRANSACTIONS WITH AND/OR DEPENDENCE ON RELATED PARTIES

ALHI, in its regular conduct of business, has entered into transactions with its subsidiaries principally consisting of advances and reimbursement of expenses, development, management, marketing, leasing and administrative service agreements.

Enterprises and individuals that directly or indirectly, through one or more intermediaries, control or are controlled by or under common control, with the Group, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group and close members of the family of these individuals, and companies associated with these individuals, also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely to the legal form.

Outstanding balances between companies within the Group are unsecured, interest-free and settlement occurs in cash. Related party transactions and balances were eliminated in the consolidated financial statements.

INTELLECTUAL PROPERTY

Under existing Philippine laws governing intellectual property rights, the registrant of a tradename and a trademark shall be granted the exclusive right to use the same in relation to a particular product or service. Thus, to protect its right to exclusively use the names and logos utilized in its business operations, the Group has registered the following tradenames and trademarks with the Intellectual Property Office (IPO) of the Philippines as at December 31, 2020:

Trademark	Registrant	Application Date / Application Number	Registration Date / Registration Number	Classes of Goods/ Services
Admiral Realty Company Inc.	ARCI	April 5, 2013 / 04-2013-003858	August 8, 2013 / 04-2013-003858	Class 37
Eisenglas Aluminum & Glass Inc.	EAGI	April 5, 2013 / 04-2013-003853	August 8, 2013 / 04-2013-003853	Classes 6 / 19
Momentum Properties Management Corporation	MPMC	April 5, 2013 / 04-2013-3854	August 8, 2013 / 04-2013-3854	Class 36
Gotamco Realty Investment Corporation	GRIC	July 2, 2010 / 4-2010-007155	July 7, 2011 / 4-2010-007155	Class 36
Anchor Properties Corporation	APC	February 15, 2012 / 4-2012-001815	May 17, 2012 / 4-2012-001815	Class 36

Mayfair Tower (stylized)	ALHI	April 5, 2013 / 4-2013-003852	November 7, 2013/ 4-2013-003852	Class 36
Anchor Skysuites	ALHI	April 5, 2013 / 4-2013-003856	August 8, 2013 / 4-2013-003856	Class 36
Admiral Baysuites	ARCI	April 5, 2013 / 04-2013-003857	August 8, 2013/ 04-2013-003857	Class 36
Monarch Parksuites	PPDC	June 19, 2012 / 04-2012-007305	October 18, 2012 / 04-2012-007305	Class 37
Two Shopping Center (stylized)	PPDC	April 5, 2013 / 04-2013-003863	January 16, 2014 / 04-2013-003863	Class 35
One Shopping Center (stylized)	PPDC	April 5, 2013 / 04-2013-003862	January 16, 2014 / 04-2013-003862	Class 35
Wharton Parksuites	APC	April 5, 2013 / 04-2013-003860	February 13, 2014/ 04-2013- 003860	Classes 36 /37
Oxford Parksuites	APC	April 5, 2013 / 04-2013-003859	February 13, 2014/ 04-2013- 003859	Classes 36 / 37
Solemare Parksuites	PPDC	April 5, 2013 / 04-2013-003864	February 13, 2014/ 04-2013- 003864	Classes 36 / 37
Windsor Place	PPDC	September 11, 2012 / 4-2012-011100	February 21, 2013/ 4-2012- 011100	Class 36
Balmoral Place	PPDC	September 18, 2012 / 4-2012-100006	April 18, 2013 / 4-2012-100006	Class 36
The Princeview Parksuites	NHI	April 5, 2013 / 04-2013-003855	August 8, 2013 / 04-2013-003855	Class 36
Clairemont Hills	PPDC	February 15, 2012 / 4-2012-001814	March 20, 2014 / 04-2012-001814	Class 36
Admiral Grandsuites	ARCI	July 01, 2014 / 04- 2014-008273	April 23, 2015 / 04-2014-008273	Class 36
One Logistics Center (stylized)	BEIC	May 17, 2013/ 04-2013-005679	October 3, 2013 / 04-2013-005679	Classes 35 / 39
Anchor Grandsuites (Word Mark)	GRIC	September 3, 2014 / 04-2014-010987	December 22, 2016 / 04-20140109	Class 36
Eight 8 Alonzo Parksuites	APC	October 19, 2016/04-2016- 00012774	April 12, 2018 / 4- 2016-00012774	Class 36 / 37
Copeton Baysuites	PPDC	January 8, 2018/4- 2018-00000368	September 23, 2018/4-2018- 00000368	36
Cosmo Suites	GRIC	January 22, 2018/ 4- 2018-00001240	May 11, 2018/4- 2018-00001240	36

Juan Luna Logistics Center	GRIC	February 14, 2018/ 4-2018-00002930	November 8, 2018/ 4-2018- 00002930	39
One Soler	1080 Soler Corp.	February 14, 2018/ 4-2018-00002932	July 5, 2018/ 4- 2018-00002932	39
202 Peaklane	APC	March 1, 2018/ 4- 2018-00003841	November 22, 2018/ 4-2018- 00003841	36
Nusantara Holdings Inc.	NHI	December 4, 2018/ 4-2018-021660	June, 9, 2019/ 4/2018/00021660	36
One Financial Center (Word Mark)	GRIC	March 26, 2019/ 04- 2019-005051	June 23, 2019/ 4/2019/005051	35
Baylife Venue	GPVI	January 31, 2017/4/2017/00001 327	May 11, 2017/ 4/2017/00001327	43
Anchor Land	ALHI	April 11, 2019/ 4/2019/00006021	July 7, 2019/ 4/2019/00006021	37
Made for You	ALHI	August 8, 2019/ 14033	November 17, 2019/ 14033	36 37
Cornell Parksuites	GRIC	August 8, 2019/ 4/2019/014031	December 26, 2019/ 4/2019/014031	36 37
One Legacy Grandsuites	APC	September 10, 2019/ 42019016048	April 6, 2020	36 37
Admiral Hotel Manila	ALHRI	November 12, 2019/ 42019019697	December 18, 2020 / 42019019697	43
Central Link	FHPDI	January 10, 2020 / 42020000538	December 18, 2020 / 42020000538	35 36 37
One Financial Center	GRIC	January 10, 2020/ 42020000535	January 10, 2020 / 42020000535	35
The Panorama Manila (Word Mark)	ARCI	January 30, 2020/ 42020500806	December 18, 2020 / 42020500806	36 37
El Atrio Lounge	ALHRI	June 8, 2020 / 4/2020/00505462	December 18, 2020 / 4/2020/00505462	43
Admiral Spa	ALHRI	June 25, 2020 / 4/2020/00507461	January 15, 2021 / 4/2020/00507461	44
Admiral Club Manila Bay	ALHRI	October 27, 2020 / 4/2020/00516280	February 28, 2021/ 4/2020/00516280	43

As the IPO provides, the certificates of registration covering the foregoing trade names and trademarks shall remain in force for ten (10) years, unless sooner terminated, and may be renewed for periods of ten (10) years thereafter. Since these names and logos have become distinctive with the luxury homes and quality service for which the Group is known, the renewal of these certificates shall be made upon their expiration and the Group shall continue to safeguard its rights over the same. For the same reasons, the Group also applied for the registration of the trade names and trademarks of its newest development projects and these applications are currently pending before the IPO.

EFFECT OF EXISTING OR PROBABLE GOVERNMENTAL REGULATIONS ON THE BUSINESS

For the purpose of regulating the subdivision and condominium businesses in the country, Congress has enacted Presidential Decree No. 957, as amended (PD 957), otherwise known as the "Subdivision and Condominium Buyer's Protective Decree". The power to enforce the provisions of PD 957 is vested on the Department of Human Settlements and Urban Development (DHSUD), formerly known as Housing and Land Use Regulatory Board and, to a certain degree, on the concerned local government units (LGUs). PD 957 mandates the registration of all projects intended for the construction of residential, commercial, industrial or recreational subdivisions, as well as residential and commercial condominiums. It also prescribes the procedure by which real estate companies may acquire such registration, and the various licenses, permits and certificates necessary to prove that their development projects are carried out according to existing statutory requirements.

For condominium projects, PD 957 and the existing rules promulgated by the DHSUD require all owners or developers to apply for Development Permit, Certificate of Registration and License to Sell with the DHSUD and pertinent LGUs prior to actual development and selling of units. These documentary requirements were duly accomplished by the Group for all its projects as it regularly applies for the required government approvals for any condominium project it undertakes to develop.

ANTI-MONEY LAUNDERING ACT

In anticipation of the passage and effectivity of the amended Anti-Money Laundering Act of 2001, which includes real estate developers as covered persons, ALHI Group has taken steps to comply and will comply with the reportorial requirements for covered and suspicious transactions.

EFFECT OF COVID-19 WORLDWIDE PANDEMIC

The ALHI Group of companies, like many other corporations, have been impacted by the current worldwide pandemic of Covid-19.

During the enhanced community quarantine imposed by the Inter-Agency Task Force on Infectious Diseases (IATF) on the National Capital Region from March 17, 2020 to May 15, 2020, the Group was forced to close its offices and suspend its construction operations. Upon the return of daily operations under the modified enhanced community quarantine and general community quarantine, the Group saw a slower flow of transactions due to restrictions in transportation, stricter safety measures in government agencies, and limitations in doing face to face business. As a result of more stringent regulations that the Group has to adhere to in doing business in general, business operations and, ultimately, the Group's performance for the year 2020 was affected.

Development Permits

The Development Permits for each of the Group's condominium projects were obtained from the DHSUD as at December 31, 2020:

<u>Project</u>	<u>Date Issued</u>
Lee Tower	March 5, 2004
Mayfair Tower	December 13, 2005
Mandarin Square	October 4, 2006
Solemare Parksuites Phase I	June 4, 2008
Wharton Parksuites	Dec. 11, 2009
Anchor Skysuites	August 25, 2010
Solemare Parksuites Phase 2	December 3, 2010
Admiral Baysuites	April 8, 2011
Clairemont Hills Parksuites	June 20, 2012
Oxford Parksuites	January 21, 2013
Monarch Parksuites	September 6, 2013
Princeview Parksuites	December 6, 2013
Admiral Grandsuites	November 11, 2014
Anchor Grandsuites	August 6, 2015
202 Peaklane	January 5, 2018
Juan Luna Logistics Center	September 7, 2018
8 Alonzo Parksuites	September 7, 2018
Copeton Baysuites	October 2, 2018
Cornell Parksuites	June 8, 2020
One Legacy Grandsuites	July 24, 2020

The Group also applied for the issuance of Development Permits for the new condominium projects it plans to complete and these applications are now pending before the DHSUD.

Certificate of Registration

After the Group registered its condominium projects with the DHSUD and obtained the necessary approval of the condominium plans to be used therein, the following Certificates of Registration were issued in favor of the projects of the Group:

<u>Project</u>	<u>Date Issued</u>
Lee Tower	June 3, 2004
Mayfair Tower	August 4, 2006
Mandarin Square	November 20, 2007
Solemare Parksuites Phase I	January 8, 2009
Wharton Parksuites	April 16, 2010
Anchor Skysuites	November 8, 2010
Solemare Parksuites Phase 2	November 15, 2011
Admiral Baysuites	December 26, 2011
Clairemont Hills Parksuites	September 4, 2012
Oxford Parksuites	June 18, 2013
Monarch Parksuites	October 14, 2013
Princeview Parksuites	February 17, 2014
Admiral Grandsuites	June 5, 2015
Anchor Grandsuites	February 5, 2016
Juan Luna Logistics Center	November 16, 2018
8 Alonzo Parksuites	December 21, 2018
202 Peaklane	December 27, 2018
Copeton Baysuites	December 23, 2018

The Group is also in the process of applying for the Certificates of Registration of its latest projects from the DHSUD.

License to Sell

The DHSUD further authorized the Group to offer the condominium units in its projects for sale to the public by issuing the following Licenses to Sell in favor of the Group:

<u>Project</u>	<u>Date Issued</u>
Lee Tower	June 3, 2004
Mayfair Tower	August 4, 2006
Mandarin Square	November 20, 2007
Solemare Parksuites Phase I	January 8, 2009
Wharton Parksuites	April 16, 2010
Anchor Skysuites	November 8, 2010
Solemare Parksuites Phase 2	November 15, 2011
Admiral Baysuites	December 26, 2011
Clairemont Hills Parksuites	September 4, 2012
Oxford Parksuites	June 18, 2013
Monarch Parksuites	October 14, 2013
Princeview Parksuites	February 17, 2014
Admiral Grandsuites	June 5, 2015
Anchor Grandsuites	February 5, 2016
Juan Luna Logistics Center	November 16, 2018
8 Alonzo Parksuites	December 21, 2018
202 Peaklane	December 27, 2018
Copeton Baysuites	December 28, 2018
Cornell Parksuites	December 23, 2020

At the appropriate time, the Group also intends to procure the required Licenses to Sell for its future condominium projects.

Further, in connection with this requirement, and pursuant to the mandatory provisions of PD 957, all active real estate dealers, brokers and salesmen directly connected with the Group and its projects have registered themselves with the DHSUD. Moreover, in compliance with Republic Act No. 9646 (RA 9646), otherwise known as the “Real Estate Service Act of the Philippines”, all real estate service practitioners, except salespersons, engaged by the Group, have taken the required licensure examination and other continuing education programs in their field.

The Company and its subsidiaries has likewise secured all the necessary business permits and licenses required from all government agencies which include registrations and licenses from the SEC, Social Security System (SSS), and the Bureau of Internal Revenue (BIR).

To date, as far as the Group is concerned, there is no existing legislation or governmental regulation that is expected to materially affect its business.

Costs and Effects of Compliance with Environmental Laws

In the Philippines, the owner or developer of any project that poses a potential environmental threat or is likely to cause a significant impact on the environment in a particular area is required to secure an Environmental Compliance Certificate (ECC) from the Department of Environment and Natural Resources (DENR). The ECC is issued by the Environmental Management Bureau (EMB) of the DENR, which serves as a certification that, after reviewing the proposed project, the EMB found that the project will not cause a significant negative impact on the environment. The issuance of the ECC also certifies that the project complied with all the requirements of the Environmental Impact Statement (EIS) and the applicant has committed to implement its approved Environmental Management Plan. In some instances, the ECC likewise contains specific measures that must be complied with before and during the operation of the

project, and lists the conditions required to be performed at the abandonment phase of the project to reduce identified potential impacts on the environment.

Among the projects classified by law to be environmentally critical and mandated to procure ECC prior to commencement of operation are those involving the construction and development of condominiums. Hence, the Group has consistently applied for the required ECCs for all its projects. After presenting the details of its projects before the members of the EMB, satisfying all requirements and proving that no serious environmental damage shall result from the construction of its condominiums, the Group was able to secure the necessary ECCs for its projects. The relevant details of the ECCs issued in favor of the Group and its subsidiaries are as follows:

Environmental Compliance Certificate (ECC) No.	Date Issued	Project Name
ECC-NCR-2004-01-28-047-216	January 28, 2004	Lee Tower
ECC-LLDA-2006-109-8420	July 31, 2006	Mayfair Tower
ECC-LLDA-2007-115-8420	August 16, 2007	Mandarin Square
ECC-NCR-0804-048-5011	July 14, 2008	Solemare Parksuites 1
ECC-LDBW-1001-0005	January 29, 2010	Wharton Parksuites
ECC-NCR-1104-0129	May 22, 2010	Admiral Baysuites
ECC-NCR-1009-0350	October 12, 2010	Anchor Skysuites
ECC-NCR-1010-0356	October 22, 2010	Clairemont Hills Parksuites
ECC-NCR-1012-0454	January 28, 2011	Solemare Parksuites 2
ECC-NCR-1303-0109	April 16, 2013	Oxford Parksuites
ECC-NCR-1302-0060	February 18, 2013	Monarch Parksuites
ECC-NCR-1401-0040	January 29, 2014	Princeview Parksuites
ECC-NCR-1408-0316	September 29, 2014	Admiral Grandsuites
ECC-NCR-1602-0017	March 21, 2016	Anchor Grandsuites
ECC-OL-NCR-2016-0041	April 22, 2016	East Ocean Seafood Restaurant
ECC-NCR-1609-0058	October 3, 2016	ALHI Corporate Center (The Centrum)
ECC-OL-NCR-2017-0129	September 22, 2017	Cosmo Suites
ECC-OL-NCR-2018-0183	August 20, 2018	Juan Luna Logistics Center
ECC-R11-1710-0021	September 28, 2018	202 Peaklane
ECC-OL-NCR-2017-0017	December 19, 2018	8 Alonzo Parksuites
ECC-NCR-1812-0081	December 19, 2018	Copeton Baysuites
ECC-OL-NCR-2019-0270	October 4, 2019	Cornell Parksuites
ECC-OL-NCR-2019-0288	October 18, 2019	One Legacy Grandsuites
ECC-OL-NCR-2021-0017	February 18, 2021	One Financial Center

HUMAN RESOURCES

The Group has 399 employees. Of these, 93 employees performed clerical functions, 207 employees were involved in operations and 99 performed administrative functions. The Group has no collective bargaining agreements with employees and there are no organized labor organizations in the Group. The Group complies with the minimum compensation benefits standards pursuant to Philippine law. The Group has not experienced any disruptive labor disputes, strikes or threats of strikes and the Group believes that its relationship with its employees in general is satisfactory.

Department	As at December 31, 2020		
	Officer	Rank & File	Total
Executive Office	10	2	12
Finance and Accounting	29	62	91
Human Resources & Admin	4	35	39
Internal Audit	1	2	3
Engineering	21	46	67
Sales & Marketing	14	29	43
Corporate Affairs	5	13	18
Purchasing	4	5	9
Turn Over	0	11	11
Leasing	2	9	11
Property Management	12	64	76
Aluminum and Glass business	5	14	19
Total	107	292	399

RISKS

The Group is subject to competition in each of its principal businesses. This competition comes in terms of attracting buyers for its condominium units and tenants for its commercial spaces. The Group manages this risk by identifying the underserved and/or hard to penetrate market, recognizing their needs and wants prior to project inception, prompt project delivery and maintaining highest turnover standards. With this, the Group is confident that it will surpass the competition.

Item 2. Properties

The real estate properties owned by the Company and its subsidiaries as at December 31, 2020 are as follows:

Company	Project	No. of Titles
ALHI	Mayfair Tower	2 Land Titles
ALHI	Solemare Parksuites Phase I	1 Land Title
PPDC	One Shopping Center	2 Land Titles
PPDC	Two Shopping Center	6 Land Titles
GRIC	Anchor Skysuites	5 Land Titles
ARCI	Admiral Baysuites	1 Land Title
ALHI	Clairemont Hills Parksuites	3 Land Titles
PPDC	Solemare Parksuites Phase II	1 Land Title
APC	Oxford Parksuites	2 Land Titles
PPDC	Monarch Parksuites	2 Land Titles
NHI	Princeview Parksuites	1 Land Title
1080 Soler	One Soler	1 Land Title
ARCI	Admiral Hotel	3 Land Titles
ARCI	Admiral Grandsuites	3 Land Titles
GRIC	Anchor Grandsuites	5 Land Titles
BEIC	One Logistics Center	1 Land Title

PPDC	The Centrum	4 Land Titles
APC	202 Peaklane	4 Land Titles
PPDC	Copeton Baysuites	4 Land Titles
GRIC	Cosmo Suites	1 Land Title
APC	8 Alonzo Parksuites	1 Land Title
GRIC	Juan Luna Logistics Center	1 Land Title
GRIC	One Financial Center	1 Land Title
GRIC	Cornell Parksuites	2 Land Titles
APC	One Legacy Grandsuites	3 Land Titles
PPDC	Kanlaon Tower Condominium	64 Condominium Certificates of Title
APC	C. Planas St., Binondo	2 Land Titles
ARCI	Coron, Palawan	4 Land Titles
ARCI	The Panorama Manila	1 Land Title
Fersan	Soler St., Binondo	4 Land Titles
ARCI	San Vicente, Palawan	1 Land Title

Mayfair Tower

The Mayfair Tower having been completed, standing tall within the 958.9 square meter of land located at United Nations Avenue corner A. Mabini Street in Ermita, Manila covered by TCT Nos. 269918 and 269919. This 33-storey residential condominium boasts of world-class amenities and facilities, exclusive to the privileged few. The sky terrace, one of its best features, allows as much as 200 people to enjoy the wonderful view of the city and the lush landscape that surrounds the area.

Solemare Parksuites (Phase I)

Solemare Parksuites (Phase I), completed in February 2012, is a 18-storey twin tower residential condominium within a 6,281 square meter property located at ASEANA Business Park in Paranaque, (near SM Mall of Asia) is covered by TCT No.180308. The Solemare Parksuites is located just off busy Macapagal Boulevard. Inspired by the Venetian Architecture, Solemare Parksuites' elegant interiors and proximity to almost all of the key establishments makes it appealing to its young target market in search of second home.

One Shopping Center

PPDC acquired a parcel of land situated in Pasay City containing an area of One Thousand Six Hundred Seven square meters and 20 square decimeters (1,607.20) covered by TCT Nos. 150541 and 150542. It is now developed as a commercial center which is called One Shopping Center.

Two Shopping Center

Two Shopping Center, having been completed, is a commercial center situated in Pasay City containing an area of Six Thousand Five Hundred Thirty Three square meters and 90 square decimeters (6,533.90) covered by TCT Nos. 145526, 145527, 145528, 151248, 151544 and 151545.

Anchor Skysuites

This 56-storey residential condominium is situated in Ongpin Street, Binondo, Manila containing an area of Three Thousand Sixty Five square meters and 70 square decimeters (3,065.70) covered by TCT Nos. 97893, 97894, 97895, 282204, and 002-2015003474. The Anchor Skysuites currently holds the record of being the tallest residential building in all the Chinatowns around the world.

Admiral Baysuites

Admiral Baysuites is a 53-storey luxury condominium located in Roxas Blvd. The land area of this project is Three Thousand Four Hundred Forty Six square meters and 20 square decimeters (3,446.20) covered by TCT No. 002-2011001508.

Clairemont Hills Parksuites

A parcel of land situated in San Juan City, Metro Manila containing an area of Five Thousand Six Hundred Twenty Seven square meters (5,627) covered by TCT Nos. 012-201100061, 012-2011000642 and 012-2011000643 was developed into an integrated development that features medium-rise condominium and townhouses known as Clairemont Hills Parksuites.

Solemare Parksuites (Phase II)

Solemare Parksuites (Phase II) is completed as at December 31, 2014. This 18-storey twin tower residential condominium is situated in Paranaque City containing an area of Six Thousand Eight Hundred Nine square meters and 50 square decimeters (6,809.50) covered by TCT No. 180889.

Oxford Parksuites

Situated in La Torre St. corner Masangkay and Benavidez St., Sta. Cruz, Manila, Oxford Parksuites is a 39-storey luxurious residential condominium that is very ideal for investment. The property contains an area of Eight Hundred Ten square meters and 90 square decimeters (810.90) covered by TCT Nos. 002-2012003087 and 002-2012003088.

Monarch Parksuites

Monarch Parksuites is a four-tower residential condominium located at Aseana Business Park, Tambo, Parañaque City, containing an area of Eighteen Thousand One Hundred Nineteen square meters and 40 square decimeters (18,119.40) covered by TCT Nos. 010-2017002202 and 010-2015000742.

Princeview Parksuites

Princeview Parksuites is located in 434 Quintin Paredes St., Binondo, Manila, with an aggregate area of One Thousand (1,000.00) square meters covered by TCT No. 226613. Princeview Parksuites will offer practical unit sizes suited to young families as well as businessmen who want to live near their livelihood.

One Soler

One Soler is a 10-storey structure that will offer warehousing facilities in the Divisoria area. It is located in the corner of Soler Street and Reina Regente Streets, Binondo, Manila covered by TCT No. 002-2011001906.

Admiral Hotel

Directly adjacent to Admiral Baysuites project is Admiral Hotel, consisting of One Thousand Six Hundred Fifty Five square meters and 10 square decimeters (1,655.10) and covered by TCT No. 002-2011001507, 002-2015002437 and 002-2015002436.

Admiral Grandsuites

Admiral Grandsuites is being constructed on three (3) parcels of land located at Ermita, Malate, Manila containing an area of One Thousand Six Hundred Thirty square meters and 70 square decimeters (1,630.70) covered by TCT Nos. 002-2011001323, 002-2011001324 and 002-2011001325.

Anchor Grandsuites

Anchor Grandsuites is intended to be developed as luxurious condominium project located at Masangkay St., Binondo, Manila, consisting of Four Thousand Six Hundred Seventy Five square meters and 50 square decimeters (4,675.50) and covered by TCT Nos. 002-2013003154, 002-2013003152, 002-2016000027, 002-2018000797 and 002-2018000798. The Anchor Grandsuites is set to become the tallest edifice in Chinatown.

One Logistics Center

One Logistics Center offers office spaces and warehousing facilities. It is a 15-storey commercial building located in Lot 2A, Taft Avenue Extension, Pasay City, covered by TCT No. 003-2011000139.

The Centrium

Situated in Parañaque City, The Centrium has been completed by PPDC on a lot consisting of Nine Thousand Five Hundred Eighty Three square meters (9,583) covered by TCT Nos. 010-2013004248, 010-2013004251, 010-2016004448 and 010-2016004447. It will be dedicated mostly for leasable office and commercial spaces.

202 Peaklane

202 Peaklane is a residential condominium project being developed by APC along C.M. Recto St., Davao City. It will consist of two (2) towers that will have 28 floors each, on four (4) lots consisting of Four Thousand Forty square meters (4,040) and covered by TCT Nos. 146-2017001274, 146-2017001275, 146-2017001276, and 146-2017022355.

Copeton Baysuites

Copeton Baysuites will be another luxury condominium project situated in the heart of Aseana City. PPDC shall be developing four (4) parcels of land covered by TCT Nos. 010-2017001627, 010-2017001628, 010-2017001629 and 010-2017001630, with a total area of Seven Thousand Seven Hundred Nineteen square meters (7,719), located along Belle Avenue corner Macapagal Avenue, Parañaque City.

Cosmo Suites

Cosmo Suites is a project being developed as a dormitory for lease to individuals and small families. GRIC purchased a parcel of land located along P. Celle Street, Pasay City containing an area of Four Thousand Forty Eight square meters and 24 square decimeters (4,048.24) covered by TCT No. 003-2017000468.

8 Alonzo Parksuites

Located at T. Alonzo Street, Binondo, Manila and covered by TCT No. 002-2015002505, 8 Alonzo Parksuites is a 47-level residential condominium building to be constructed and developed by APC.

Juan Luna Logistics Center

A parcel of land in Juan Luna St., Tondo, Manila containing an area of One Thousand Six Hundred Seventy Three square meters (1,673) was purchased by GRIC and covered by TCT No. 002-2018002702, to be developed into a warehouse facility for sale to business owners in the heart of Divisoria.

One Financial Center

GRIC purchased a parcel of land situated along Quintin Paredes Street in the City of Manila, presently covered by a TCT No. 002-2018001798, with a total declared area of One Thousand One Hundred One square meters and 90 square decimeters (1,101.90). The property will be developed as a Financial Center in Binondo, catering to commercial offices.

Cornell Parksuites

GRIC purchased two (2) parcels of land situated along Masangkay Street in the City of Manila, presently covered by TCT Nos. 002-2018001256 and 002-2018001257, with a total declared area of One Thousand One Hundred Seventy Seven square meters and 40 square decimeters (1,177.40). A residential condominium will be developed in the land.

One Legacy Parksuites

APC purchased three (3) parcels of land situated along Benavidez street corner Recto Street in the City of Manila, presently covered by TCT Nos. 002-2019000651, 002-2019000652, and 002-2019000653, with a total declared area of Two Thousand Nine Hundred Eighty square meters (2,980.00). The Group intends to develop a high-rise condominium in the property.

Kanlaon Tower Condominium

PPDC is the registered owner of 64 units in Kanlaon Tower Condominium, all covered by Condominium Certificates of Title, from CCT Nos. 003-2019000436 to 003-2019000499. The condominium units are located along Roxas Boulevard in Pasay City, and are leased to commercial and residential tenants.

The Panorama Manila

ARCI purchased a parcel of land located along Roxas Boulevard, Manila to be developed into a high-rise luxury mixed residential and commercial condominium, a portion of which will become a hotel. The total lot area is Two Thousand Two Hundred Forty square meters and Forty square decimeters (2,240.40).

Land and other property held for future development

APC purchased two (2) contiguous parcels of commercial land located at Lot Nos. 1 and 2, Block 1896, M. De Santos, C. Planas and P. Chavez Streets, Barangay 269 Zone 025, Binondo District (San Nicolas District - per tax declaration), Manila, with a total area of One Thousand Thirty One square meters and Thirty square decimeters (1,031.30), covered by TCT Nos. 002-2017002028 and 002-2017002027 for future projects.

ARCI purchased four (4) lots in Barangay 3, Coron, Palawan, covered by TCT Nos. 065-2017000849, 065-2017000902, 065-2019000055 and 065-2020000307 and Tax Declaration Nos. 09-003-0441 and 09-003-0442. The property is to be developed as a hotel resort.

Fersan Realty Corporation is holding title to four (4) parcels of land located along Soler Street, Binondo, Manila, presently covered by TCT Nos. 138428, 138429, 138430, and 138431, with a total lot area of Three Thousand Eight Hundred Seventeen square meters and Thirty square decimeters (3,817.30) to be developed into the Recto Logistics Center.

ARCI purchased a parcel of land in San Vicente, Palawan, with a total lot area of Seven Thousand Four Hundred Sixty Nine square meters (7,469), covered by TCT No. 065-2019001563, to be developed into a resort hotel.

GRIC also purchased three parcels of land in Binondo and Tondo with a total lot area of Four Thousand Three Hundred Eighty Three square meters and Ten square decimeters (4,383.1) to be developed as future residential and commercial projects. These are located at (1) Nueva Street (Yuchengco) with a lot area of Two Thousand Eighty Five square meters and Nine square decimeters (2,085.9); (2) Juan Luna (Binondo) with a lot area of One Thousand Five Hundred Two square meters and Nine square decimeters (1,502.9), and (3) Juan Luna (Tondo) with a lot area of Seven Hundred Ninety Four square meters and Four square decimeters (794.4).

Finally, ARCI has several properties in Boracay Island located at Barangay Manoc Manoc, Malay, Aklan, totaling Twenty Six Thousand Two Hundred Sixty Six square meters (26,266), which is to be developed as luxury resort.

Properties used as collateral

The Group's properties located in Roxas Boulevard, Pasay, Binondo, Manila and Paranaque were used as collateral to secure the Group's loans. Under the loan agreements, there are no limitations on the ownership and usage of these properties.

Leased Properties

The Group leases its principal place of business at Unit 11B, 11th Floor L.V. Locsin Building, 6752 Ayala Avenue, corner Makati Avenue, Makati City, Philippines, 1228. The leased premise has an area of Four Hundred Forty square meters and 25 square decimeters (440.25), an additional four (4) free basement parking slots, with an area of about Fourteen square meters and 50 square decimeters (14.50) each.

The Group is also currently leasing at 15th and 16th Floors L.V. Locsin Building, 6752 Ayala Avenue, corner Makati Avenue, Makati City, Philippines, 1228. Both leased premises have an area of Eight Hundred Eighty Eight square meters and 24 square decimeters (888.24), including seven (7) basement parking slots each.

On October 1, 2015, the Group, under GPVI, entered into a lease with Bay Area Holdings, Inc. over a property consisting of Four Thousand Eight Hundred Ninety-Seven square meters (4,897), more or less, located at Aseana City, Parañaque City, wherein it is currently building a structure called Bay Life Venue for retail/restaurant purposes. The lease is for a term of ten (10) years, commencing on June 1, 2016 and shall end on May 31, 2026.

APC is currently leasing a showroom for the Anchor Grandsuites project in Bonondo, Manila with an area of One Thousand Five Hundred square meters (1,500).

Properties for rental

The Group earns rental revenue from logistics and shopping centers, commercial condominium units, office and parking spaces. Rental properties generally provide recurring income to the Group through monthly rentals. The Group's rental income from these properties amounted to ₱1,022.47 million and ₱782.99 million in 2020 and 2019, respectively.

Properties for future acquisition

As at December 31, 2020, the Group plans to acquire other properties through cash purchase, funded by the Group's working capital.

Item 3. Legal Proceedings

To the best of the Company's knowledge, there has been no occurrence of any of the following events during the past five (5) years up to the present which are material to an evaluation of the ability and integrity of any director, any person nominated to become director, executive officer or control person of the Company:

1. Any insolvency or bankruptcy petition filed by or against any business of which such person was a general partner or executive officer whether at the time of insolvency or within two (2) years prior to that time;
2. Any conviction by final judgment in a criminal proceeding, domestic or foreign, in any pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
3. Any final and executory order, judgment or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily, enjoining, barring, suspending or otherwise limiting involvement in any type of business, securities, commodities or banking activities; and
4. Any final and executory judgment by a domestic or foreign court or competent jurisdiction (in a civil action), the SEC, or comparable foreign body, or domestic or foreign exchange or electronic marketplace or self regulatory organization, for violation of a securities or commodities law.

There are no legal proceedings to which the Company or its subsidiaries or any of their properties is involved in or subject to any legal proceedings which would have material effect adverse effect on the business or financial position of the Company or its subsidiaries.

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

The stockholders' meeting of the Company was held virtually last November 26, 2020 at 3 o'clock in the afternoon. At the said meeting, the following were presented and approved by the stockholders present representing 77.16% of the outstanding shares entitled to vote:

- a. Presentation and approval of the Financial Statements as at December 31, 2019;
- b. Ratification of acts of the Board of Directors and Officers;
- c. Election of the members of the Board of Directors; and
- d. Appointment of external auditors;

The following were elected as Directors of the Company for the year 2020-2021, namely: Charles Stewart Lee, Steve Li, Digna Elizabeth L. Ventura, Christine P. Base, Lorna Pangilinan, Avelino M. Guzman, Jr., Violeta Josef, Victoria Villaluz, Edwin Lee, Clinton Steven Lee and Neil Y. Chua.

Other than those matters mentioned above, there are no other matters submitted to a vote by the security holders.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

(1) Market Information

- (a) The principal market of the Company's shares of stock is the Philippine Stock Exchange. The closing prices of the Company's share for each quarter for the last two fiscal years were as follows:

Year	Quarter	High (in ₱)	Low (in ₱)	Closing Price (in ₱)
2020	First	9.69	8.00	9.00
	Second	9.10	6.41	8.69
	Third	8.89	7.04	8.28
	Fourth	8.80	7.52	8.15
2019	First	11.78	10.20	10.22
	Second	11.88	10.02	11.00
	Third	11.54	9.71	10.02
	Fourth	10.40	8.81	8.95

- (b) The closing price of the Company's stocks as of the latest practicable trading dates were as follows:

Year	Month	High (in ₱)	Low (in ₱)	Closing Price (in ₱)
2021	January	8.75	7.50	7.50
	February	8.39	7.39	7.46
	March	8.50	7.30	8.49

(2) Holders

The approximate number of shareholders as at December 31, 2020 is 100. The top twenty (20) stockholders of the Company as provided by the stock transfer agent's report as at December 31, 2020 were as follows:

Stockholders	Number of shares
1. PCD Nominee Corporation (Filipino)	400,342,604
2. Sybase Equity Investments Corporation	202,609,200
3. Yi Chiang Li	156,000,000
4. Cindy Mei Ngar Sze	155,999,298
5. PCD Nominee Corporation (Non-Filipino)	78,799,190
6. Rena Obo Alvarez	30,000,000
7. Philip O. Bernardo	6,840,000
8. Rena Obo Alvarez	5,550,000
9. Carlos Sotingco	2,114,400
10. Harley Tan Sy	1,650,000
11. Alexis Valine B. Uy	15,000
12. Anjelica B. Uy	15,000

13. Jan Reiner B. Uy	15,000
14. Maria Charito B. Uy	15,000
15. Haidee Generoso and/or Sandy Edward Generoso	11,400
16. Ma. Christmas R. Nolasco	8,200
17. Robert Chua	6,000
18. Edwin Lee	3,000
19. Avelino M. Guzman, Jr.	1,000
20. Violeta Josef	1,000
21. Ma. Victoria Villaluz	1,000
TOTAL	1,040,000,842

(3) Dividends

Cash Dividends

On April 7, 2021, Parent Company's BOD declared cash dividends as follows:

1. For preferred shares - 8% dividends per issued and outstanding preferred share; and
2. For common shares - ₱0.02 per issued and outstanding common share.

The record date is May 27, 2021 and dividends amounting to ₱48.53 million were payable on June 17, 2021.

On June 18, 2020, Parent Company's BOD declared cash dividends as follows:

3. For preferred shares - 8% dividends per issued and outstanding preferred share; and
4. For common shares - ₱0.09 per issued and outstanding common share.

The record date is August 20, 2020 and dividends amounting to ₱121.33 million were paid on September 10, 2020.

On April 3, 2019, the Company's BOD declared cash dividends as follows:

1. For preferred shares - 8% dividends per issued and outstanding preferred share; and
2. For common shares - ₱0.08 per issued and outstanding common share.

The record date is June 5, 2019 and the dividends shall be payable on June 20, 2019.

On May 03, 2018, the Company's BOD declared cash dividends as follows:

1. For preferred shares - 8% dividends per issued and outstanding preferred share; and
2. For common shares - ₱0.07 per issued and outstanding common share.

The record date is May 22, 2018 and dividends amounting to ₱100.53 million were paid on June 15, 2018.

The Company has no restrictions that will limit the ability to pay dividends on common equity. But the Company, as a general rule, shall only declare from surplus profit as determined by the Board of Directors as long as such declaration will not impair the capital of the Company.

(4) Recent Sales of Unregistered Securities

As at reporting date, no sales of unregistered securities or shares of the Company were sold except during the date of listing with the Philippine Stock Exchange.

Item 6. Management's Discussion and Analysis

Basis of Presentation

Financial Statements

Basis of Preparation

The consolidated financial statements of the Group have been prepared using the historical cost basis. The consolidated financial statements are presented in Philippine Peso (₱), the Parent Company's functional currency and presentation currency under Philippine Financial Reporting Standards (PFRS). All amounts are rounded to the nearest peso, except when otherwise indicated.

The accompanying consolidated financial statements have been prepared under the going concern assumption. While the government eases restrictions of business activities to revive economic growth, the impact of COVID-19 may continue to evolve giving inherent uncertainties on businesses.

Statement of Compliance

The accompanying consolidated financial statements of the Group have been prepared in compliance with PFRS, which include the availment of the relief granted by the SEC under Memorandum Circular Nos. 14-2018 and 3-2019, that deferred the implementation of the following accounting pronouncements until December 31, 2020. These accounting pronouncements address the issues of PFRS 15, *Revenue from Contracts with Customers* affecting the real estate industry:

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

- a. Exclusion of land in the determination of percentage of completion (POC) discussed in PIC Q&A No. 2018-12-E
- b. Assessing if the transaction price includes significant financing component (as amended by PIC Q&A No. 2020-04)

Deferral of the adoption of PIC Q&A No. 2018-14: PFRS 15 – Accounting for Cancellation of Real Estate Sales

Deferral of the Implementation of IFRS Interpretations Committee ("IFRIC") Agenda Decision on Over Time Transfer of Constructed Goods [Philippine Accounting Standards (PAS) 23-Borrowing Cost] For Real Estate Industry

In December 2020, the SEC issued Memorandum Circular No. 34-2020, allowing the further deferral of the adoption of provisions (a) and (b) above of PIC Q&A 2018-12 and the IFRIC Agenda Discussion on Borrowing Cost, for another 3 years or until December 31, 2023.

The details and the impact of the adoption of the above financial reporting reliefs are discussed in the PFRSs include PFRS, Philippine Accounting Standards and Interpretations issued by PIC.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the Company using consistent accounting policies.

The subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date that such control ceases.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following management's discussion and analysis of the Group's financial condition and results of operations should be read in conjunction with the Group's audited financial statements, including the related notes, contained in this report. This report contains forward-looking statements that involve risks and uncertainties. The Group cautions investors that its business and financial performance is subject to substantive risks and uncertainties.

Results of Operations Jan-Dec 31, 2020 vs. Jan-Dec 31, 2019

The Group generated a total of ₱351.39 million consolidated net income for the year ended December 31, 2020. This is 57% lower than ₱814.27 million recognized in the prior year.

The decrease in the consolidated net income was mainly due to the decrease in real estate sales of about ₱2,605.97 million or 55% due to low construction accomplishment and low sales volume due to limited selling activities as a result of the quarantine measures implemented by the Government with ongoing COVID 19 pandemic. The Group has four new projects expected to be launched in 2021.

On the other hand, the Group's revenue from rental continues to improve in 2020, contributing 31% to the total consolidated revenue or an amount of ₱1,022.47 million compared to the ₱782.99 million recorded in 2019. The increased rental income of the Group was mainly from the rentals earned from The Centrium.

The significant increase in rental income and the ongoing construction of The Centrium, Cosmo Suites and Admiral Hotel are all in line with the Group's continuing efforts to invest and increase its recurring income projects to rebalance the mix of its revenue sources.

In general, the Group's operation has been significantly affected by the disruptions caused by the COVID-19 pandemic. Nevertheless, the revenue increase from rental operations helped the Group to remain profitable despite the pandemic's negative effect to the Group's consolidated net income.

Financial Condition 2020 - 2019

The Group's total assets amounting to ₱35.63 billion and ₱33.52 billion as at December 31, 2020 and 2019, respectively, increased by 6% or ₱2.11 billion. The increase was mainly due to increases in real estate for development and sale by ₱1,801.30 million, properties and equipment and investment properties by ₱950.62 million and other assets (including noncurrent portion) by ₱264.26 million.

The Group incurred construction and development cost of ₱2,663.21 million under real estate for development and sale. Moreover, reclassification of assets, particularly the land assets for the Panorama, Recto Logistics, and Rosan Logistics which are previously recorded under investment properties contributed to the significant increase in the real estate for development and sale in 2020.

The construction and development cost incurred for The Centrium, Admiral Hotel, Central Link and Cosmo Suites caused the increase in property and equipment and investment properties. The construction of the Central Link, the Public-Private Partnership (PPP) project with the local government of Paranaque City started in 2020. This resulted to an increase to other noncurrent assets due to the advances paid to the contractors.

The Group's total liabilities has grown by ₱1.85 billion partly from the loans availments in 2020, the increase in payables related to the Group's ongoing projects and the customer's deposits and advances from the Group's buyers that include collections of receivables not yet recognized as revenue.

The movements in equity accounts follow:

- Retained earnings - increase was brought by the net income for the year ended December 31, 2020 net of the cash dividends declared.
- Non-controlling interests – increased due to net income during the year attributable to the non-controlling interests.

Results of Operations Jan-Dec 31, 2019 vs. Jan-Dec 31, 2018

The Group generated a consolidated net income of ₱814.27 million for the year ended December 31, 2019, an increase of 16% from ₱700.63 million consolidated net income for the same period in 2018.

The increase in the consolidated net income is mainly due to the growing rental operations. The rental operations of the Group posted a stronger performance in 2019 as evidenced by an increase of 29% in rental income compared to 2018. This is brought about by the significant increase in rental income from The Centrium, Baylife Venue and Kanlaon Tower Project.

Real estate sales revenue, on the other hand, decreased by 12% because the Group has sold most of its real estate inventories while 3 new projects that were planned to be launched in 2019 were pushed back to 2020.

The significant increase in rental income and the ongoing construction of The Centrium, Cosmo Suites and Admiral Hotel are all in line with the Group's continuing efforts to invest and increase its recurring income projects while rebalancing the mix of its revenue sources.

Financial Condition 2019 - 2018

The Group's total assets amounted to ₱33.52 billion and ₱28.00 billion as at December 31, 2019 and 2018, respectively. The increase of 20% in total assets is mainly due to the increase in cash and cash equivalents by ₱129.39 million and the increase in investment properties and property and equipment by ₱5.94 billion due to the continuing construction and development of The Centrium, Cosmo Suites and Admiral Hotel and acquisitions of several properties in the City of Manila and San Vicente, Palawan.

The increase of 23% in the Group's total liabilities was mainly brought about by the bank loans availed during the year to acquire several properties in the City of Manila and deposits received from the prospective lessees and from the buyers of the Group's new and ongoing projects which includes new sales that are not yet recognized as revenue.

The movements in equity accounts follow:

- Retained earnings - increase brought by the net income for the year ended December 31, 2019 which was slightly offset by the dividends declared on April 3, 2019.
- Other comprehensive income – decrease resulted from the remeasurements in pension liabilities.
- Non-controlling interests - decrease due to net loss attributable to the non-controlling interests.

Results of Operations Jan-Dec 31, 2018 vs. Jan-Dec 31, 2017

The consolidated net income of the Group increased to ₱700.63 million, 13% higher compared to the net income for year ended December 31, 2017.

The increase in the Group's net income is mainly due to the steadily growing rental operations of the Group as evidenced by the 65% increase in rental income thereby accounting for 9% of the Group's total revenue in 2018. Higher income from rental operations is due to the continuous rise in the occupancy in recurring income projects which included the turned-over commercial units in Solemare Parksuites, Monarch Parksuites, Oxford Parksuites, BayLife Venue and the newly acquired Kanlaon Tower. Moreover, the Group continues to generate recurring income from its warehousing facilities, namely One Soler and One Logistics Center, and from its warehouse and commercial centers pertaining to One Shopping Center and Two Shopping Center.

The Group has ongoing construction of recurring income projects. These are The Centrium located in Aseana City, Paranaque which is expected to be completed in 2020 and Cosmo Suites which will offer bed spacing facilities in Pasay. These developments are presented as investment properties in the Group's consolidated financial statements and the related rental income is recognized when construction of these assets are completed and leased out to third parties.

The significant increase in rental income and the ongoing construction of The Centrium and Cosmo Suites are all in line with the Group's continuing efforts to invest and increase its recurring income projects while rebalancing the mix of its revenue sources.

Financial Condition 2018 - 2017

The Group's total assets amounted to ₱28.00 billion and ₱25.83 billion as at December 31, 2018 and December 31, 2017, respectively. The increase in total assets is mainly due to the increase in investment properties by ₱2.15 billion which was driven by the continuing construction and development of The Centrium and Cosmo Suites, the acquisition of Kanlaon Tower and the completion of BayLife Venue and the commercial units in Monarch Parksuites and Oxford Parksuites. The ongoing development of Admiral Hotel, which led to the increase in the property and equipment, has likewise contributed to the increase in the Group's total assets.

The increase of 9% or ₱1.72 billion in the Group's total liabilities is mainly due to the additional availment of loans during 2018 in order to partly fund the Group's continuing construction activities and property acquisitions. Further, the advances, downpayments and deposits paid by the Group's buyers of condominium units and lessees of commercial units have likewise contributed to the increase in the Group's total liabilities as at December 31, 2018.

The movements in equity accounts follow:

- Retained earnings - increase brought by the net income for the period ended December 31, 2018 less cash dividend declaration and the effect of the initial adoption of new accounting standards.
- Other comprehensive income - increase resulted from the remeasurement gain in pension liabilities.
- Non-controlling interests - decrease due to current period net loss attributable to the non-controlling interests.

Key performance indicators are listed below:

	2020	2019	2018
Liquidity Ratio			
(1) Current Ratio	1.27 : 1	1.27:1	1.79:1
(2) Debt to Equity Ratio	3.30 : 1	3.17:1	2.81:1
(3) Asset-to-Equity Ratio	4.30 : 1	4.17:1	3.81:1
(4) Income before Tax, Interest, Depreciation and Amortization	₱1,472.75 million	₱1,953.88 million	₱1,810.82 million
(5) Interest coverage ratio	1.18	1.75	2.12
(6) Return on Revenue	9%	13%	11%
(7) Return on Equity	4%	10%	10%
(8) Basic Earnings per Share	₱0.31	₱0.77	₱0.65

- (1) Current Assets / Current Liabilities
- (2) Total Liabilities / Total Stockholders' Equity
- (3) Total Assets / Total Stockholders' Equity
- (4) Income before Tax, Interest, Depreciation and Amortization
- (5) Income before Tax, Interest, Depreciation and Amortization / Interest Expense
- (6) Net Income attributable to equity holders / Total Revenue
- (7) Net Income attributable to equity holders / Total Stockholders' Equity
- (8) Net Income attributable to equity holders – Preferred Shares Dividends / Outstanding Shares

These key indicators were chosen in order to provide management with a measure of the Group's financial strength (Current Ratio and Debt to Equity) and ability to maximize the value of its stockholders' investment in the Group (Basic Earnings per Share, Income before Interest, Taxes, Depreciation and

Amortization and Return on Equity).

The Group will continue to identify potential sites for development and pursue expansion activities by establishing landmark developments in the high rise residential luxury condominium and investment properties. The Group intends to implement this by putting up the required resources needed for the development of its existing and future projects.

Review of December 31, 2020 as compared with December 31, 2019

Material Changes to the Balance Sheet as at December 31, 2020 Compared to December 31, 2019 (Increase/Decrease of 5% or more)

Cash and cash equivalents increased by ₱186.20 million or 16% mainly due from cash collections from the buyers and lessees and from the loans availed during the year.

Receivables (including noncurrent portion) dropped by 17% due to the lower real estate sales recognized during the year and the reduction from continuing collections from the buyers.

Real estate for development and sale increased by 30% or ₱1,801.30 million as a result of reclassifications of assets from investment properties with a net amount of ₱1,385.95 million and the incurred construction and other direct cost of ₱2,663.21 million gross of ₱2,247.86 million recognized as cost of sales during the year.

Other assets (including noncurrent portion) increased by 9% or ₱264.26 million. It was mainly brought by the advances paid to the contractor for the development of The Central Link, the PPP project with the local government of Paranaque City.

The increase in property and equipment of ₱622.95 million was mainly attributable to the construction cost incurred for the development of Admiral Hotel and the right-of-use asset recognized related to the renewal of lease contract for the head office.

The increase in deferred tax assets of 13% was mainly due to the increase in deferred taxes due to the other comprehensive income recognized from pension during the year.

Accounts and other payables (including noncurrent portion) increased by 7% or ₱241.16 million due to the increase in payable to contractors due to continuing development of the Group's real estate projects.

Income tax payable decreased by 61% compared to the balance as at December 31, 2019 due to the lower taxable income recognized during the year.

Loans payable (including noncurrent portion) increased by 8% as a result of loan availments during the year made to finance the Group's ongoing real estate projects.

The increase in customers' deposits of 10% was mainly brought by deposits paid by the buyers for the Group's new and existing projects. This also includes new sales not yet recognized as revenue during the year.

Increase in lease liabilities (including noncurrent portion) increased by ₱59.09 million mainly due to the additional liability recognized related to the renewal of lease contract for the Group's head office.

Pension liability decreased by ₱29.93 million due to the other comprehensive income recognized as a result to changes in financial assumptions in 2020.

Deferred tax liabilities decreased by ₱18.35 million mainly attributable to the recognition of the difference between tax and book basis of accounting for real estate transactions.

Other comprehensive income increased by ₱34.96 million as a result of gain recognized in other comprehensive income related to adjustments in pension liabilities.

The 4% increase in retained earnings represents consolidated net income net of cash dividend declaration in 2020.

**Material Changes to the Statements of Income for the Year Ended December 31, 2020
Compared to the Year Ended December 31, 2019 (Increase/Decrease of 5% or more)**

Real estate sales revenue decreased by 55% mainly due to the lower construction accomplishment and low sales volume during the year due the quarantine measures implemented by the Government to fight the COVID-19 pandemic.

Management fees decreased by 7% mainly due to the expiration of property management agreement of the Group with Mayfair Tower Condominium.

The significant increase in rental revenue of about ₱239.48 million or 31% was mainly brought by the significant increase in rental income from The Centrium. The Group likewise continues to generate rental income from other recurring income projects such as One Soler, One Logistics Center, One Shopping Center, Two Shopping Center and from other commercial facilities in the Group's completed condominium projects.

Interest and other income increased by 10% or ₱64.47 million mainly from the income recognized arising from pre-termination of lease contracts.

The ₱1,484.71 million or 40% decrease in cost of real estate was mainly due to lower real estate sales revenue recognized.

Selling and administrative expenses decreased by 13% mainly due to the decrease in sales and marketing expenses.

The increase in finance cost of 5% was mainly brought by the interest expense recognized related to the amortization of lease liabilities.

Income before income tax and provision for income tax decreased by 56% and 55%, respectively, as a collective result of the above-mentioned causes.

Review of December 31, 2019 as compared with December 31, 2018

**Material Changes to the Balance Sheet as at December 31, 2019
Compared to December 31, 2018 (Increase/Decrease of 5% or more)**

Cash and cash equivalents increased by 12% as the net result of proceeds from loan availments and settlements, and collections from customers less disbursements for construction activities and property acquisitions.

The 10% decrease in real estate for development and sale is mainly due to the construction costs charged to cost of sales related to the units sold for the year and the transfer to investment properties pertaining to the costs of completed commercial units in Princeview Parksuites project.

Other assets (including noncurrent portion) increased by 17% mainly due to the higher advances to contractors and suppliers related to the construction activities. Moreover, higher input value added tax, creditable withholding tax and prepaid expenses also contributed to the increase in other assets.

Property and equipment increased by 77% as a result of the continuing construction and development of Admiral Hotel.

The 51% increase in investment properties is mainly due to the continuing construction and development of The Centrium, Cosmo Suites and Kanlaon Tower and acquisitions of several properties in the City of Manila (Binondo and Roxas Boulevard) and San Vicente, Palawan. Due to the adoption of PFRS 16,

recognition of right-of-use asset for the lease of land in Aseana City, Paranaque, also contributed to the increase in investment properties by ₱209.52 million.

The increase of 35% in deferred tax assets mainly resulted from the recognition of the difference between tax and book basis of accounting for real estate transactions and revenue.

Accounts and other payables (including noncurrent portion) increased by 43% mainly attributed to the increase in rental security deposits related to the Group's new recurring income project, The Centrium. Increase in accruals for commission and interests, other taxes payable, and retention payable related to construction also contributed to the increase in accounts and other payables.

Loans payable increased by 13% or ₱2.03 billion due to the recent loan availments partly to finance the Group's ongoing construction and land acquisitions.

Customers' advances and deposits increased by 83% due to the increase in advances and deposits paid by buyers for the Group's new and existing projects. This account also includes the new sales not yet recognized as revenue during the period.

Lease liabilities (including noncurrent portion) increased by ₱259.93 million due to the result of the adoption of PFRS 16 in 2019. The amount of increase is net of rental payments and amortization of interest expense during the year.

The increase in income tax payable by 144% is due to higher taxable net income in 2019. This also resulted to higher current income tax expense in 2019.

Pension liabilities increased by ₱38.36 million as a result of pension expense and interest costs for the year ended December 31, 2019.

Other comprehensive income decreased by ₱13.97 million due to the remeasurement loss in pension liability.

The decrease of 52% in deferred tax liabilities mainly resulted from the recognition of the difference between tax and book basis of accounting for real estate transactions.

The 13% increase in retained earnings represents consolidated net income net of cash dividend declaration in 2019.

Non-controlling interests decreased by ₱10.43 million due to current period net loss attributable to the non-controlling interests.

**Material Changes to the Statements of Income for the Year Ended December 31, 2019
Compared to the Year Ended December 31, 2018 (Increase/Decrease of 5% or more)**

Real estate sales revenue decreased by 12% mainly due to the decrease in sales in terms of the number of units since most of the inventories have already been sold for the old projects.

Rental income increased by 29% in 2019 mainly due to the increase in rental income from commercial and office units to ₱445.02 million in 2019 compared to ₱283.81 million in 2018. Rental income from warehousing facilities and commercial centers contributed ₱337.97 million in 2019 which slightly increased from ₱320.95 million in 2018.

Revenue from management fees increased by 12% or ₱3.43 million due to higher property management services rendered during the year.

Interest and other income increased by 67% mainly due to higher amortization of discount on installment contracts receivable from Copeton Baysuites, 202 Peaklane, 8 Alonzo Parksuites, Anchor Grandsuites and Juan Luna Logistics Center.

Cost of real estate sales went down by 12% or ₱487.70 million due to the lower level of realized sales of residential units during the year.

The increase in selling and administrative expenses of 10% is primarily brought by the increase in depreciation and amortization of the Group's completed recurring income projects and right-of-use assets. The higher operating costs on the Group's recurring income projects also contributed to the increase in selling and administrative expenses.

Finance cost increased by 39% or ₱14.30 million mainly due to the amortization of interest expense on the Group's lease liability in relation to the adoption of the new accounting standard for leases in 2019.

Income before income tax and provision for income tax increased by 16%, respectively, as a collective result of the above-mentioned transactions.

In general, the Group reported a net income of ₱814.27 million or an increase of 16% for the year ended December 31, 2019 mainly due to the increase in net income generated from leasing operations.

Review of December 31, 2018 as compared with December 31, 2017

Material Changes to the Balance Sheet as at December 31, 2018 Compared to December 31, 2017 (Increase/Decrease of 5% or more)

Cash and cash equivalents increased by 11% as the net result of proceeds from loan availments and settlements, and collections from customers less disbursements for construction activities and property acquisitions.

The 11% decrease in Real estate for development and sale is mainly due to the sold units during the year and the transfer of the costs of the completed commercial units to investment properties.

The 25% increase in Other assets is mainly due to the advance payments made for the future acquisition of shares of a company and the increase in advances made to contractors and suppliers.

Property and equipment increased by 31% as a result of the continuing construction and development of Admiral Hotel.

Investment properties increased by 28% or ₱2.15 billion mainly due to the acquisition of Kanlaon Tower, the continuing construction and development of The Centrium and Cosmo Suites, and the transfer from real estate for development and sale of the costs of the completed commercial units of Monarch Parksuites and Oxford Parksuites, and completion of BayLife Venue.

The increase of 187% or ₱36.76 million in Deferred tax assets mainly resulted from the recognition of the difference between tax and book basis of accounting for real estate transactions and contracts revenue.

The decrease in income tax payable by 11% is due to the higher amount of creditable withholding taxes claimed against income tax expense in 2018.

The 12% increase in Loans payable is the net result of loan availments and settlement of loans. These loans were obtained to partly finance the Group's construction of ongoing projects and property acquisitions.

Pension liabilities increased by 11% or ₱6.62 million as a result of pension expense and interest costs for the year ended December 31, 2018.

Other comprehensive income increased by 67% or ₱6.69 million due to the remeasurement gain in pension liability.

The 9% increase in Retained earnings represents 2018 net income net of cash dividend declaration in 2018 and the effect of the initial adoption of new accounting standards.

Non-controlling interests decreased by 115% or ₱4.47 million due to current period net loss attributable to the non-controlling interests.

**Material Changes to the Statements of Income for the Year Ended December 31, 2018
Compared to the Year Ended December 31, 2017 (Increase/Decrease of 5% or more)**

Rental income increased by 65% mainly due to the increased occupancy in recurring income projects which included the turned-over commercial units in Solemare Parksuites, Monarch Parksuites, Oxford Parksuites and Baylife Venue, and the residential and commercial units in Kanlaon Tower. The Group likewise continues to generate rental income from other recurring income projects such as One Soler, One Logistics Center, One Shopping Center, Two Shopping Center and from other commercial units in the Group's completed condominium projects.

Revenue from management fees decreased by 10% or ₱3.30 million due to fewer property management services rendered during the year.

Interest and other income increased by 71% mainly due to higher amortization of discount on installment contracts receivable.

The 8% increase in cost of real estate is mainly due to the increase in costs to complete the Group's condominium projects.

Finance cost increased by 19% or ₱5.93 million on account of interest arising from loan availments during the year.

Income before income tax and provision for income tax increased by 12% and 10%, respectively, as a collective result of the above-mentioned transactions.

In general, the Group reported a net income of ₱700.63 million or an increase of 13% for the year ended December 31, 2018 mainly due to the increase in net income generated from leasing operations.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the Group's financial statements are consistent with those of the previous financial years except for the following new and amended PFRSs which were adopted beginning January 1, 2020. The adoption of these pronouncements did not have any significant impact to the Group's consolidated financial position and performance unless otherwise indicated.

- **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.

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

- **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 had no significant impact to the Group's consolidated financial statements.

- 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.

- *Conceptual Framework for Financial Reporting issued on March 29, 2018*
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 standard-setters 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.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*
The amendments to PFRS 16 provide practical relief to the lessees in accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession is a lease modification if all of the following conditions are met:
 - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
 - Any reduction in lease payments affects only payments originally due on or before June 30, 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.

The amendments did not have a significant impact to the Group as there are no rent concessions granted to the group as a lessee.

- Adoption of PIC Q&A 2020-03, *Q&A No. 2018-12-D: STEP 3 - On the Accounting of the Difference When the Percentage of Completion is Ahead of the Buyer's Payment*.
PIC Q&A 2020-03 was issued by the PIC on September 30, 2020 aims to provide an additional option to the preparers of financial statements to present as receivables, the difference between the POC and the buyer's payment, with the POC being ahead. This PIC Q&A is consistent with the PIC guidance issued to the real estate industry in September 2019.

Standards and Interpretation Issued but Not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect the future adoption of these pronouncements to 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 apply retrospectively, however, the Group is not required to restate prior periods.

Effective beginning on or after January 1, 2022

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

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

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

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

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

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

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

- 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*

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

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. The standard will affect the future classification of liabilities as current or noncurrent when there are future deferral of settlement of the Group's financial liabilities.

- *PFRS 17, Insurance Contracts*

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

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

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

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

The Group is not engaged in the business of insurance; hence, this standard is not applicable to the Group.

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.

The Group does not expect these amendments to have significant impact to the consolidated financial statements because it does not currently have interests in associates and joint ventures.

- *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 (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

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

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

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

The Group availed of the SEC reliefs to defer the above 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:

- The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments explicit in the contract to sell would constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted to restatement of prior year financial statements. Adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, instalment contracts receivable, provision for deferred income tax, deferred tax asset or liability for all years presented, and the opening balance of retained earnings. Currently, any significant financing component arising from the mismatch discussed above is not considered for revenue recognition purposes.
- The exclusion of land in the determination of POC would reduce the percentage of completion of real estate projects resulting in a decrease in beginning retained earnings as well as a decrease in the revenue from real estate sales in 2020.

The above would have impacted the cash flows from operations and cash flows from financing 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 financial statements are not considered to be in accordance with PFRS and should specify in the "Basis of Preparation of the Financial Statements" section of the financial statements that the accounting framework is:

PFRS, 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. Treatment of land in the determination of the percentage-of-completion; and
2. 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 financial statements are prepared in accordance with the compliance framework described in the notes to the 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 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 the adoption of this PIC Q&A until December 31, 2020. Currently, the Group records the repossessed inventory at cost. The Group opted to implement approach 3 in its accounting for sales cancellation.

- *IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Cost)*

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 paragraph 35(c) of IFRS 15 (PFRS 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 Philippine Accounting Standards (PAS) 23, *Borrowing Costs*, 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. 4-2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the Real Estate Industry until December 31, 2023. Effective January 1, 2024, 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.

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 in restatement of prior year financial statements. Adoption of the IFRIC agenda decision would have impacted interest expense, cost of sales, provision for deferred income tax, real estate inventories, deferred tax liability and the opening balance of retained earnings. The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented.

Other Disclosures

Other than those already disclosed in the consolidated financial statements, there were no material events or uncertainties known to management as at December 31, 2020, in respect of the following:

- Any known trends, demands, commitments, events or uncertainties that are reasonably expected to have a material effect on liquidity. The Group does not anticipate having within the next 12 months any liquidity problems nor does it anticipate any default or breach of any of its existing notes, loans, leases or other indebtedness or financing agreement.
- Events that will trigger material financial obligation to the Group.
- Material off-balance sheet transactions, arrangements, obligations and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.
- Known trends, events or uncertainties that have had or that are reasonably expected to have a material impact on net sales/revenue/income from continuing operations.
- Significant elements of income or loss that did not arise from the Group's continuing operations.
- Seasonal aspects that had material effect on the financial condition or result of operations.

Item 7. Financial Statements

The financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this Form 17-A as Annex "A".

INFORMATION ON INDEPENDENT ACCOUNTANT

(1) EXTERNAL AUDIT FEES AND SERVICES

The aggregate fees for each of the last three (3) years for professional services rendered by the Group's external auditors:

	2020	2019	2018
Audit Fees	₱3,297,000	₱3,154,000	₱2,970,000
Tax fees	–	–	–
Other Fees	–	–	–
Total	₱3,297,000	₱3,154,000	₱2,970,000

- (a) Audit and audit related fees for the Group was for expressing an opinion on the financial statements and assistance in preparing the annual income tax return.

- (b) There are no other assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the registrant's financial statements.
- (c) There were no tax fees paid for the years 2020, 2019 and 2018.
- (d) There were no other fees paid to the external auditors for the years 2020, 2019 and 2018.
- (e) Audit committee's approval policies and procedures for the above services – the committee will evaluate the proposals from known external audit firms. The review will focus on quality of service, commitment to deadline and fees as a whole, and no one factor should necessarily be determinable.

**Item 8. Changes in and Disagreements with Accountants
on Accounting and Financial Disclosure**

There were no changes in and disagreements with accountants on accounting and financial disclosure.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Registrant

(1) Directors, Executive Officers, Promoters and Control persons

The incumbent directors and executive officers of the Company are as follows:

Office	Name	Age	Year of Assumption of Office	No. of Years/Month
Director and Chairman of the Board of Directors	Charles Stewart Lee	30	2014/2020	6 years/6months
Director, Vice-Chairman and Chief Executive Officer	Steve Li	50	2007/2013	13 years/7 years
Director	Avelino M. Guzman, Jr.	47	2015	5 years
Director and President	Digna Elizabeth L. Ventura	48	2011	9 years
Independent Director	Lorna Pangilinan	65	2018	2 years
Director and Corporate Secretary	Christine P. Base	50	2007	13 years
Director	Clinton Steven Lee	27	2020	6 months
Independent Director	Violeta Josef	74	2015	5 years
Independent Director	Ma. Victoria Villaluz	67	2015	5 years
Director, Treasurer, and Chief Finance Officer	Neil Y. Chua	50	2013/2009	7 years/11 years
Director	Edwin A. Lee	63	2013	7 years
AVP for Engineering	Honorio A. Alvarez, Jr.	52	2017	3 years
Corporate Affairs Head & Compliance Information Officer	Sarah Joelle C. Lintag	48	2016	4 years
Internal Audit Manager	Edwin L. Aquino.	43	2019	1 year

Directors

CHARLES STEWART LEE, British, 30 years old, is incumbent Chairman of the Board of Directors of Anchor Land Holdings, Inc. He is currently the Director of Pacific Apex Food Ventures, Inc. Mr. Lee studied at the University of Southern California, Los Angeles, California, USA where he obtained his Business of Arts Degree in Social Science with emphasis in Economics.

STEVE LI, Hong Kong SAR National, 50 years old, is the Vice-Chairman and Chief Executive Officer of Anchor Land Holdings, Inc. since 2007 and 2013, respectively. He is concurrently the managing Director of MFT International Ltd. (Hong Kong). Mr. Li graduated from York University, Toronto, Canada with a Bachelor's Degree in Business Administration major in Finance and Accounting.

AVELINO M. GUZMAN, JR., Filipino, 47 years old, was elected as Director of the Company. He is the Managing Partner of A.M. Guzman, Jr. and Associates Law Office, and of Golden Ace Credit Solutions Company, Ltd. He also serves as the President and Chairman of the Board of Whidbey Holdings Corporation and as the Corporate Secretary of Santino Metal Industries, Inc., Merckammed Concepts, Inc., IdeashipPhils. Holdings, Inc., LTC Group of Companies, VS Marketing Corporation, Anchor Land Global Corporation and Akuna (Philippines) Inc. He was previously a Senior Associate Lawyer at Saulog & De Leon Law Offices from January 1999-December 2009. Mr. Guzman, Jr. obtained his Bachelor of Arts major in Economics and his Bachelor of Laws from San Beda College. He became a Member of the Integrated Bar of the Philippines in 1999.

DIGNA ELIZABETH L. VENTURA, Filipino, 48 years old, is the President of Anchor Land Holdings, Inc. since August 15, 2011. From July 2005, she served as the Asst. Vice President for Sales & Marketing and in 2009, she was promoted as the Vice President for Sales & Marketing of the Company. Prior to joining the Company, she was the Sales Director of Filinvest, Inc., Sales and Marketing Manager of the Waterfront Hotel and Megaworld Properties and Holdings, Inc. Ms. Ventura earned her Bachelor of Science Degree in Hotel and Restaurant Management from the University of Santo Tomas.

LORNA PANGILINAN, Filipino, 65 years old, is an Independent Director of the Company. Currently, she does consultancy engagements with various companies. Her clients includes Fraport AG, Macroasia Corporation, Sublic Leisure Inc., Zuellig, MRT-4 (Bouygues), Asia's Emerging Dragon Corporation, Metropolitan Medical Center, and Ever-Gotesco Group of Companies. She held several executive positions from 1977 to 2010. She also served as director and committee member to different private and financial institutions such as Savers Dome Inc., Tong Yang Savings Bank, Chamber of Thrift Banks, Capwire and Pocketbell, Republic Telecommunications Holdings, Inc., AG Finance Inc., DBP Management Corporation, DBP Data Center, Inc. and DBP Provident Fund Committee and DBP-Institutional Banking Group Credit Committee. She also earned her bachelor's degree in Economics at the University of the Philippines Diliman and a MA candidate in Economics at Ateneo de Manila University.

CHRISTINE P. BASE, Filipino, 50 years old is the Corporate Secretary and a member of the Audit committee of the Anchor Land Holdings, Inc. since April 10, 2007. She is currently a Corporate and Tax Lawyer at Pacis and Reyes, Attorneys and the Managing Director of Legisforum, Inc. She is the Corporate Secretary of SBS Philippines Corporation, Itapinas Development Corporation, Araneta Properties, Inc., SL Agritech Corporaiton, Asiasec Equities, Inc. and Ever-Gotesco Resources and Holdings, Inc. She was the Compliance Officer of Bloomberry Resorts Corporation. She is a director and/or corporate secretary of several private corporations. She was an Auditor and then Tax Lawyer of Sycip, Gorres, Velayo & Co. She is a graduate of Ateneo De Manila University School of Law with a degree of Juris Doctor. She passed the Bar Examination in 1997. Ms. Base is also a Certified Public Accountant. She graduated from De La Salle University with a degree of Bachelor of Science in Commerce major in Accounting.

CLINTON STEVEN LEE, British, 27 years old, has been working for Anchor Land Holdings, Inc. since 2016 under the Office of the Chairman. He heads the Business Development Group as well as the Market Research Group. Mr. Lee graduated from the University of California, Los Angeles, California USA where he obtained his degree of Bachelor of Arts Degree in Sociology.

VIOLETA J. JOSEF, Filipino, 74 years old, was elected as Independent Director of the Company. She completed her Bachelor in Business Administration from the University of East. She is a Certified Public Accountant and received her Masters Degree in Business Administration-Top Executive Program from the

Pamantasan ng Lungsod ng Maynila where she is now a part-time Lecturer in PLM's Graduate School of Business. She also completed her General Management Executive Program at the National University of Singapore, Faculty of Business Administration in 1992. She held various executive positions such as Senior Vice-President, Treasurer, Controller and Director at the Multinational Group of Companies from 1972-2014. She started her career in public practice in SGV and Co. immediately after completing her Bachelor's Degree. Ms. Josef was also a former board member of the Professional Regulatory Board of Accountancy, for years 1995 to 1998. She has held several positions in various professional and civic organizations, such as Past National President of the Philippine Institute of Certified Public Accountants in 2013-2014, Deputy Vice-President of the Philippine Federation of Professional Associations in 2014-2016, life-time member of the Philippine Association of Professional Regulatory Board Members since 1995, Past President of the Association of CPAs in Commerce and Industry in 1986 and a former member of the Auditing Standards and Practices Council. As PICPA President, she was a board and council member of various international accountancy organizations, such as the Asean Federation of Accountants (AFA), the Confederation of Asian and Pacific Accountants (CAPA) and the International Federation of Accountants (IFAC).

MA. VICTORIA A. VILLALUZ, Filipino, 67 years old, is the Lead Independent Director of the Company. She is a Member of the Integrated Bar of the Philippines, the UP Women Lawyers' Circle and the Tax Management Association of the Philippines where she also served as President in 2010. She previously worked with Sycip, Gorres, Velayo & Co. from 1980 until her retirement in 2014 as a Partner in the Tax Services Group where she provided, among others, tax advisory and tax planning, as well as quality and risk management, services to clients from various industries such as utilities (power, water, oil and gas), telecommunications, entertainment, engineering and construction, real estate, hotel, transportation, trading and manufacturing. Ms. Villaluz is an accredited lecturer in the Mandatory Continuing Legal Education (MCLE) prescribed by the Supreme Court for lawyers; she was also the tax training director for the Arthur Andersen New Tax Seniors' Training Seminar in Penang Malaysia until 2001 and was a lecturer in the Arthur Andersen New Manager's training seminars in St. Charles, Illinois. Ms. Villaluz obtained her Bachelor of Arts in Philosophy and her Bachelor of Laws from the University of the Philippines.

NEIL Y. CHUA, Filipino, 50 years old, is the Director and Chief Finance Officer of Anchor Land Holdings, Inc. since 2013 and 2009, respectively. Neil Y. Chua has worked with various accounting firms before joining Anchor Land Holdings, Inc. He was a senior manager at KPMG, Auckland, New Zealand from March 2008 to May 2009; Purwantono, Sarwoko & Sandjaja / Ernst & Young, Indonesia from October 2002 to February 2008. He was also an Andersen Worldwide Manager of Prasetio, Utomo & Co./Andersen, Indonesia and a supervisor at SGV & Co./Arthur Andersen, Philippines from November 1991 to September 1996. Mr. Chua obtained his Bachelor of Accountancy from the University of San Carlos Cebu City. He is also a Certified Public Accountant and a member Philippine Institute of Certified Public Accountant since 1992.

EDWIN LEE, Filipino, 63 years old, was elected as a Director of Anchor Land Holdings, Inc. on June 28, 2012 but only assumed office on April 2, 2013 i.e., when the SEC approved the amendment of the Company's Articles of Incorporation which effectively increased the number of Directors from seven (7) to nine (9). He is currently serving as the Senior Assistant Vice President at the Office of the President of SM Investments Corporation. He graduated from De La Salle University with a Bachelor of Science Degree in Commerce major in Business Management.

Key Officers

The members of the management team aside from those mentioned above are as follows:

HONORIO A. ALVAREZ, JR., Filipino, 52 years old, is the Assistant Vice-President for Engineering. He was formerly the General Manager and Vice President of DD Happy Homes Residential Centers, Inc., a subsidiary of Double Dragon Properties, from June 2015 to January 2017. He also served as the Senior Assistant Vice President-Project Management Head, High Rise Division/Special Projects of Eton Properties Philippines, Inc. from March 2011 to March 2015. He graduated from the University of Santo Tomas with a Bachelor of Science in Civil Engineering in 1989.

SARAH JOELLE C. LINTAG, Filipino, 48 years old, is the Head of the Corporate Affairs Department. She was formerly the Vice President for Billings, Credit Operations and Legal Services from June 2015 to December 2015 for ACM Landholdings, Inc. (Philippines), where she also served as its Assistant Vice President for Legal and Human Resources and Administration from July 2013 to May 2015. She was also the Chief Political Affairs Officer in the Office of the Honorable Edgardo “Sonny” Angara in the House of Representatives from October 2010 to June 2013. She graduated from California State University, Northridge, California (USA) with a Bachelor of Arts degree in Political Science in 1995, and earned her Bachelor of Laws degree from the University of the Philippines, Diliman, Quezon City in 1999.

EDWIN L. AQUINO, Filipino, 43 years old, is the Internal Audit Manager at Anchor Land Holdings, Inc. He is a Certified Public Accountant and a Certified Internal Auditor. He was a former Audit Head of the Century Properties Group from May 2015 to April 2019. He was also previously an Audit Manager of the Siycha Group of Companies, Watsons Personal Care Stores (Philippines), Inc., Steel Asia Manufacturing Corporation, and a Senior Internal Auditor of San Miguel Corporation Group. He obtained his Bachelor of Science in Accountancy degree at the University of the East in 1998.

(2) Significant Employees

No single person is expected to make a significant contribution to the business since the Company considers the collective efforts of all its employees as instrumental to the success of the Company.

(3) Family Relationships

Aside from Mr. Charles Stewart Lee and Mr. Clinton Steven Lee, there are no family relationship, either by affinity or consanguinity up to the fourth civil degree among the directors, executive officers and persons nominated and chosen by the Company to become directors and executive officers.

(4) Involvement in Certain Legal Proceedings

The Company is not aware of any bankruptcy petition of any civil or criminal legal proceedings filed against any one of its directors or executive officer during the past five (5) years. Also, there are no material legal proceedings to which the Company or its subsidiary or any of their properties are involved in or subject to any legal proceedings which would have material effect adverse on the business or financial position of the Company or its subsidiaries.

As at December 31, 2020, the Group is not involved in any litigation it considers material. However, the Group’s directors and officers were not spared from having their names dragged in legal disputes instituted by disgruntled persons with whom they transacted with. For the past five (5) years, the Group’s directors and officers were wrongfully impleaded in several labor cases which were accordingly dismissed by the concerned tribunals where they were filed.

Item 10. Executive Compensation

(1) Compensation Table

Information as to the aggregate compensation during the last three (3) fiscal years paid to the Company's officers and other most highly compensated executive officers as a group is as follows:

Name and Principal Position	Fiscal Year	Total Group Salary	Total Group Bonus	Other Annual Compensation
1. Steve Li - CEO	Actual 2018	₱33.5 M	₱1.0 M	
2. Digna Elizabeth L. Ventura - President	Actual 2019	₱35.3M	-0-	
3. Neil Y. Chua - CFO	Actual 2020	₱35.8M	₱1.4M	
4. Honorio Alvarez - AVP Engineering				
5. Atty. Sarah C. Lintag - Head of the Corporate Affairs Department	Projected 2021	₱35.8M	-0-	
All other officers and directors as a group - unnamed	Actual 2018	₱22.4 M		
	Actual 2019	₱23.5M		
	Actual 2020	34.1M		
	Projected 2021	34.1M		

(2) Compensation of Directors

Under the By-Laws of the Company, by resolution of the Board, each director shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than ten percent (10%) of the net income before income tax of the corporation during the preceding year. Such compensation shall be determined and apportioned among directors in such manner as the Board may deem proper, subject to the approval of stockholders representing at least majority of the outstanding capital stock at a regular or special meeting of the stockholders.

The total annual compensation of the Board of Directors is ₱6.9 million.

Other than those mentioned above, there are no other arrangements for compensation either by way of payments for committee participation or special assignments. There are also no outstanding warrants or options held by the Company's Chief Executive Officer and other officers and/or directors.

(3) Employment Contracts and Termination of Employment and Change-in-Control Arrangements

There are no special contracts of employment between the Company and the named directors and executive officers, as well as special compensatory plans or arrangements, including payments to be received from the Company with respect to any named directors or executive officers. All other employees are either hired as regular, project based or fixed-term engagement. Termination of employees are with valid cause, or may due to end of contract or project.

Item 11. Security Ownership of Certain Record & Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

There were no delinquent stocks, and the direct and indirect record and beneficial owners of more than five percent (5%) of the Company's voting securities as at December 31, 2020 are as follows:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial ownership and relationship with record owner	Citizenship	No. of Shares	Percentage Held Per Class	Percentage Held Out of the Total Outstanding Shares
Common	LTC Prime Holdings, Inc. Lots 2-7, Kaingin Road, Multinational Village, Paranaque City	LTC Prime Holdings, Inc.	Filipino	248,108,100	23.86%	26.56%
Preferred				120,134,048	34.65%	
Common	Sybase Equity Investments Corporation	Sybase Equity Investments Corporation	Filipino	202,609,200	19.48%	19.49%
Preferred				67,609,400	19.50%	
Common	Steve Li Rm. 16-A Ocean Tower Roxas Boulevard, Manila	Steve Li	Hong Kong National	156,000,000	15.00%	15.00%
Preferred				52,000,000	15.00%	
Common	Cindy Sze Mei Ngar Room 21B Ocean Tower Roxas Boulevard, Manila	Cindy Sze Mei Ngar	British	155,999,298	15.00%	15.00%
Preferred				51,999,766	15.00%	
Common	PCD Nominee Corporation (Non-Filipino)	Various clients and PDTC participants who hold the shares on behalf of their clients.	Non-Filipino	63,133,300	6.07%	

As at December 31, 2020, the following are known to the Company as participants of the PCD holding 5% or more of the Company's common shares:

Title	Member Name / Address	No. of Shares	Percentage Held
Common	Lucky Securities Corporation Unit 1402 b, Philippine Stock Exchange Center, Exchange Road, Pasig City	226,844,290	21.81%
Common	BDO Securities Corporation 20 th Floor BDO Corporate Centre BDO South Tower Makati Avenue, Makati City	66,698,054	6.41%
Common	COL Financial Group Inc. Unit 2401B East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City	61,399,989	5.90%
Common	Eastern Securities Development Corporation Unit 1603-1605 PSE Tower 5 th Avenue corner 28 th St. BGC Taguig City address	60,056,500	5.77%
Common	HSBC Clients Account 7 th Floor HSBC Centre 3058 5 th Avenue West Bonifacio Global City Taguig City	58,107,000	5.59%

(2) Security Ownership of Management

The following is a summary of the aggregate shareholdings of the Company's directors and executive officers in the Company and the percentage of their shareholdings as at December 31, 2020:

Title of Class	Name of Beneficial Owner / Address	Amount and Nature of Beneficial Ownership	Citizenship	Percentage Per Class of Share	Percentage Held Out of the Total Outstanding Shares
Common	Charles Stewart Sze Lee Chairman /Director Rm. 21B Ocean Tower, Roxas Boulevard, Manila	15,000,900 Direct	British National	1.50%	0.00%
Common	Steve Li Vice-Chairman/Director Rm. 16-A Ocean Tower, Roxas Boulevard, Manila	156,000,000 Direct	Hong Kong National	15.00%	15.00%
Preferred		52,000,000 Direct		15.00%	
Common	Avelino M. Guzman, Jr. Director Unit 403 Alfaro Place Condominium, 146 L.P. Leviste St., Salcedo Village, Makati City, Philippines	1,000 Direct	Filipino	0.00%	0.00%

Title of Class	Name of Beneficial Owner / Address	Amount and Nature of Beneficial Ownership	Citizenship	Percentage Per Class of Share	Percentage Held Out of the Total Outstanding Shares
Common	Christine P. Base Corporate Secretary/Director 8/F Chatham House, 116 Valero St., Salcedo Village, Makati City	300,003 Direct	Filipino	0.03%	0.03%
Preferred		100,000 Direct		0.03%	
Common	Lorna Pangilinan Independent Director Unit 8G, The Shang Grand Tower, Perea corner Dela Rosa Streets, Makati City	1000 Direct	Filipino	0.00%	0.00%
Common	Digna Elizabeth Ventura President/Director 11/F LV Locsin Bldg., Ayala Avenue Makati City	300 Direct	Filipino	0.00%	0.00%
Preferred		100 Direct		0.00%	
Common	Clinton Steven Lee Director 11/F LV Locsin Bldg., Ayala Avenue Makati City	603,490 Direct	British National	0.00%	0.00%
Common	Violeta Josef Independent Director 217 Santiago St., Ayala Alabang Village, Muntinlupa City	1,000 Direct	Filipino	0.00%	0.00%
Common	Ma. Victoria Villaluz Independent Director 116 J. P. Rizal St., Project 4, Quezon City	1,000 Direct	Filipino	0.00%	0.00%
Common	Neil Y. Chua Chief Financial Officer/Director 11/F LV Locsin Bldg., Ayala Avenue Makati City	5,400 Direct	Filipino	0.00%	0.00%
Preferred		1,800 Direct		0.00%	
Common	Edwin Lee Director 54 Angeles St. Alabang Hills, Muntinlupa City	27,100 Direct	Filipino	0.00%	0.00%
Preferred		1,000 Direct		0.00%	
TOTAL FOR THE GROUP					16.53%

(3) Voting Trust Holders of 5% or More

There is no voting trust or similar arrangement executed among holders of five percent (5%) or more of the issued and outstanding shares of common stock of the Company.

(4) Changes in Control

The Company's Articles and By-Laws do not contain any provision that will delay, deter, or prevent a change in control of the Company. However, because the Company owns land, Philippine laws limit foreign shareholdings in the Company to a maximum of 40% of its issued and outstanding capital stock. Any transfer of the Company's shares by Filipinos to Non-Filipinos will be subject to the limitation that any such transfer will not cause foreign shareholdings in the Company to exceed 40% of the Company's issued and outstanding capital stock. In the event that foreign ownership of the Company's issued and outstanding capital stock will exceed 40%, the Company has the right to reject a transfer request to persons other than Philippine National or corporations organized under Philippine laws and whose capital stock is at least 60% owned by Filipinos and has the right not to record such purchases in the books of the Company.

Item 12. Certain Relationships and Related Transactions

- (1) As at December 31, 2019, the following is a summary of the Group's director who owned ten percent (10%) or more of the outstanding shares of the Company:

Name of Company and Director	Position Held	Percentage of Voting Securities
Steve Li	Vice-Chairman and Chief Executive Officer	15.00%

(2) Related Party Transactions

The Group, in the normal course of business, enters into transaction with related parties consisting primarily of non-interest bearing advances for working capital requirements.

Outstanding balances with related parties included in the appropriate accounts in the consolidated balance sheets are as follows:

Advances to related parties

	2020	2019	2018
Advances to related parties	-	-	-
Advances from related parties	-	-	-

Compensation of key management personnel pertaining to directors' fees and allowances amounted to ₱1.8 million in 2020, 2019 and 2018.

No transaction was entered by the Group with parties who are not considered related parties but with whom the Group or its related parties have a relationship that enables the parties to negotiate terms of material transactions.

There were no transactions with promoters in the past five years.

PART IV. EXHIBITS AND SCHEDULES

Item 13. Corporate Governance

As indicated in the SEC Memorandum Circular No. 15 Series of 2017, all publicly listed companies shall submit a fully accomplished Integrated Annual Corporate Governance Report (I-ACGR) on May 30 of the following year for every year that the company remains listed in the PSE.

Item 14. Exhibits and Reports on SEC Form 17-C

(a) Exhibits

The Audited Financial Statements ending December 31, 2020 are hereto attached and incorporated by reference as Annex "A".

The sustainability report of the company is also attached and incorporated as Annex "B".


(b) Reports on SEC Form 17-C

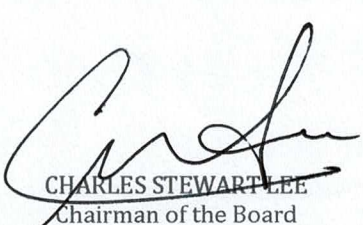
Date of Report	Nature of Item Reported
February 7, 2020	Clarification of News Reports
March 16, 2020	Anticipated Risk Impact of the Covid 19 Pandemic
June 11, 2020	Approval of Financial Statements and Annual Report
June 19, 2020	Declaration of Cash Dividends
June 22, 2020	Approval of Annual Report (SEC Form 17-A) and Sustainability Report of the Corporation
June 22, 2020	Notice of Annual or Special Stockholders' Meeting
July 1, 2020	Change in Directors and/or Officers
September 3, 2020	Election of Charles Stewart Lee to replace Stephen Lee Keng in the following committees: executive committee, nomination committee, and compensation and remuneration committee.
November 27, 2020	Results of Annual or Special Stockholders' Meeting
November 27, 2020	Results of Organizational Meeting of Board of Directors
April 7, 2021	Notice of Annual or Special Stockholders' Meeting
April 7, 2021	Declaration of Cash Dividends
April 7, 2021	Approval of Financial Statements and Annual Report


SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of MAKATI on APR 22, 2021.

By:


DIGNA ELIZABETH VENTURA
President


CHARLES STEWART LEE
Chairman of the Board


NEIL CHUA
Principal Financial Officer


CHRISTINE P. BASE
Corporate Secretary

APR 22 2021
SUBSCRIBED AND SWORN to before me this ____ day of _____, 2021, affiant(s) exhibiting to me their valid Identification cards as follows:

NAMES	VALID IDENTIFICATION
DIGNA ELIZABETH VENTURA	TIN: 938-315-211
CHARLES STEWART LEE	TIN: 278-053-354
CHRISTINE P. BASE	IBP Lifetime Member ID No. 08661/Albay Chapter
NEIL Y. CHUA	Tin No. 129-433-817

Doc. No. 308;
Page No. 63;
Book No. 1;
Series of 2021.


SARAH JOELLE C. LINTAG
Commission No. M-46
Bar Roll No. 45745
Notary Public, Makati City, Dec. 31, 2022
PTR No. 8534742, Jan. 5, 2021, Makati City
IBP Lifetime No. 06517, Mar. 16, 2007, Makati City
15/F LV Locsin Bldg. 6752 Makati Ave. Makati City

COVER SHEET

SEC Registration Number

C	S	2	0	0	4	1	1	5	9	3
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COMPANY NAME

A	N	C	H	O	R		L	A	N	D		H	O	L	D	I	N	G	S	,		I	N	C	.		A	N	D
	S	U	B	S	I	D	I	A	R	I	E	S																	

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

1	1	t	h		F	l	o	o	r	,		L	.	V	.		L	o	c	s	i	n		B	u	i	l	d	i
n	g	,		6	7	5	2		A	y	a	l	a		A	v	e	n	u	e		c	o	r	n	e	r		M
a	k	a	t	i		A	v	e	n	u	e	,		M	a	k	a	t	i		C	i	t	y					

Form Type

A	A	F	S
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

N	/	A	
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COMPANY INFORMATION

Company's Email Address

pacisreyes@pacisreyes.com

Company's Telephone Number

(02) 8844-3906

Mobile Number

0932-8555056

No. of Stockholders

100

Annual Meeting

(Month/Day)

November 26

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Christine P. Base

Email Address

cpbase@legisforum.com

Telephone Number/s

8844-3906

Mobile Number

0922-8952184

CONTACT PERSON'S ADDRESS

11th Floor, L.V. Locsin Building, 6752 Ayala Avenue corner Makati Avenue, Makati City

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

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





STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

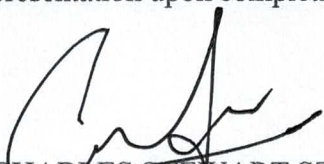
The management of **Anchor Land Holdings, Inc. and its subsidiaries** (the "Group") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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


The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

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



CHARLES STEWART SZE LEE
Chairman of the Board



STEVEN LI
Vice Chairman of the Board/Chief Executive Officer



NEIL Y. CHUA
Treasurer

Signed this 7th day of April 2021

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Anchor Land Holdings, Inc.
11th Floor, L.V. Locsin Building
6752 Ayala Avenue corner Makati Avenue
Makati City

Opinion

We have audited the consolidated financial statements of Anchor Land Holdings, Inc. and its Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2020 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

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

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



procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Real Estate Revenue Recognition

The Group's revenue recognition process, policies and procedures are significant to our audit because these involve application of significant judgment and estimation in the following areas:

(1) assessment of the probability that the entity will collect the consideration from the buyer; (2) application of the output method as the measure of progress (percentage of completion or POC) in determining real estate revenue; (3) determination of the actual costs incurred as cost of sales; and (4) recognition of cost to obtain a contract.

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

In measuring the progress of its performance obligation over time, the Group uses the output method. This method measures progress based on physical proportion of work done on the real estate project which requires technical determination by the Group's specialists (project engineers).

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

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

The disclosures related to the real estate revenue are included in Notes 2 and 3 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's revenue recognition process.

For the buyers' equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales cancellations from buyers with accumulated payments above the collection threshold. We also considered the impact of the coronavirus pandemic to the number of cancellations during the year and checked whether the buyer's equity would remain reasonable despite the trend. We traced the analysis to supporting documents such as official receipts, deposit slips, and bank statements.

For the application of the output method, in determining real estate revenue, we obtained an understanding of the Group's processes for determining the POC, and performed tests of the relevant controls. We obtained the certified POC reports prepared by the project engineers and assessed their



competence and objectivity by reference to their qualifications, experience and reporting responsibilities. For selected projects, we conducted ocular inspections, made relevant inquiries, including inquiries on how the coronavirus pandemic affected the POC during the year, and obtained the supporting details of POC reports showing the completion of the major activities of the project construction.

For the cost of sales, we obtained an understanding of the Group's cost accumulation process and performed tests of the relevant controls. For selected projects, we traced costs accumulated, including those incurred but not yet billed costs, to supporting documents such as invoices and accomplishment reports from contractors.

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

Adequacy of Allowance for Credit Losses on Trade Receivables from Real Estate Sales

The Group applies simplified approach in calculating expected credit loss (ECL). There is no allowance for credit losses and no provision for credit losses on trade receivables from real estate sales as of and for the year ended December 31, 2020. The use of ECL model is significant to our audit as it involves the exercise of significant management judgment.

Key areas of judgment include: segmenting the Group's credit risk exposures; determining the method to estimate lifetime ECL; defining default; determining assumptions to be used in the ECL model such as timing and amount of expected net recoveries from defaulted accounts; and incorporating forward-looking information (called overlays), including the impact of coronavirus pandemic, in calculating ECL.

The disclosures in relation to allowance for credit losses using the ECL model are included in Notes 2 and 3 to the consolidated financial statements.

Audit Response

We obtained an understanding of the methodology and model used for the Group's credit exposure and assessed whether it has considered the requirements of PFRS 9 to reflect the time value of money and the best available forward-looking information.

We (a) assessed the Group's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) checked the methodology used in applying the simplified approach by evaluating the key inputs, assumptions, and formulas used; (c) tested the definition of default against historical analysis of accounts and credit risk management policies and practices in place, (d) tested loss given default by inspecting historical recoveries including the timing, related direct costs, and write-offs; and (e) checked the forward-looking information used for overlay through statistical test and corroboration using publicly available information and our understanding of the Group's lending portfolios and broader industry knowledge, including the impact of coronavirus pandemic.



Further, we checked the data used in the ECL model, such as the historical analysis of defaults and cancellations by tracing these to the real estate sales worksheets per project and supporting documents such as notice of cancellations and schedule of payments. We also checked management's assumption on the timing of recoveries by tracing the subsequent resale of cancelled units to supporting documents. We recalculated the net cash flows on a sample basis.

Recoverability of Hotel Property

In view of the continuing community quarantine being implemented due to the coronavirus pandemic, the Group's hotel segment continues to be adversely affected by travel restrictions and delay in the construction activities. While the hotel property of the Group is still under construction as of December 31, 2020, the impact of the coronavirus pandemic is still expected to continue even after the completion of the construction as travel and mobility restrictions, social distancing and stay-at-home orders, among other measures, are still being implemented. These events and conditions are impairment indicators requiring the assessment of the recoverable amount of the hotel property, which involves significant judgment, estimation and assumptions about occupancy rates, average room rates, as well as external inputs such as discount rate. Hence, the review of such impairment assessment is a key audit matter in our audit.

The disclosures in relation to the recoverability of hotel property are included in Notes 2 and 3 to the consolidated financial statements.

Audit Response

We obtained the management's impairment assessment and evaluated the assumptions used in the forecasted cash flows. We checked the status of the construction of the hotel through an ocular inspection. We tested the assumptions used in the projection by comparing the occupancy rates and room rates against market data, taking into consideration the impact associated to the coronavirus pandemic. We tested the parameters used in the determination of the discount rate against market data. We also tested the sensitivity of the present value of discounted cash flows to changes in assumptions used. We also reviewed the Group's disclosures on the determination of the recoverable amount of the hotel property.



Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an

audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the



aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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



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

The engagement partner on the audit resulting in this independent auditor's report is Jennifer D. Ticlao.

SYCIP GORRES VELAYO & CO.



Jennifer D. Ticlao

Partner

CPA Certificate No. 109616

SEC Accreditation No. 1758-A (Group A),
July 2, 2019, valid until July 1, 2022

Tax Identification No. 245-571-753

BIR Accreditation No. 08-001998-110-2020,
November 27, 2020, valid until November 26, 2023

PTR No. 8534373, January 4, 2021, Makati City

April 7, 2021



ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱1,375,280,379	₱1,189,078,934
Receivables (Note 5)	3,269,717,658	2,307,928,846
Real estate for development and sale (Note 6)	7,780,358,358	5,979,057,990
Other current assets (Note 7)	1,918,269,794	2,206,611,659
	14,343,626,189	11,682,677,429
Noncurrent Assets		
Receivables - net of current portion (Note 5)	2,059,680,944	4,120,495,943
Property and equipment (Note 8)	2,720,174,308	2,097,219,920
Investment properties (Note 9)	15,221,425,058	14,893,755,115
Deferred tax assets - net (Note 18)	86,321,439	76,213,398
Other noncurrent assets (Note 10)	1,200,966,836	648,369,145
	21,288,568,585	21,836,053,521
	₱35,632,194,774	₱33,518,730,950
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Note 11)	₱2,840,023,931	₱2,072,676,517
Lease liabilities – current portion (Note 22)	53,529,685	26,478,237
Income tax payable	95,100,843	245,879,632
Loans payable (Note 12)	5,198,865,013	4,056,442,393
Customers’ advances and deposits – current portion (Note 13)	3,119,924,447	2,761,757,937
	11,307,443,919	9,163,234,716
Noncurrent Liabilities		
Accounts and other payables – net of current portion (Note 11)	1,063,599,634	1,589,784,993
Lease liabilities – noncurrent portion (Note 22)	265,492,122	233,449,765
Loans payable – net of current portion (Note 12)	14,111,782,490	13,817,555,703
Customers’ advances and deposits – net of current portion (Note 13)	364,759,905	412,396,680
Deferred tax liabilities - net (Note 18)	148,910,338	167,257,495
Pension liabilities (Note 17)	74,717,911	104,652,471
	16,029,262,400	16,325,097,107
	₱27,336,706,319	₱25,488,331,823

(Forward)



	December 31	
	2020	2019
Equity (Note 19)		
Equity attributable to equity holders of Anchor Land Holdings, Inc.		
Capital stock		
Common stock	₱1,040,001,000	₱1,040,001,000
Preferred stock	346,667,000	346,667,000
Additional paid-in capital	632,687,284	632,687,284
Other comprehensive income	37,640,401	2,675,877
Retained earnings		
Appropriated	4,570,000,000	4,670,000,000
Unappropriated	1,677,694,534	1,349,379,136
	8,304,690,219	8,041,410,297
Non-controlling interests	(9,201,764)	(11,011,170)
	8,295,488,455	8,030,399,127
	₱35,632,194,774	₱33,518,730,950

See accompanying Notes to Consolidated Financial Statements.



ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2020	2019	2018
REVENUE			
Real estate sales (Note 21)	₱2,125,814,640	₱4,731,787,587	₱5,371,389,610
Rental income (Notes 9, 13, 21 and 22)	1,022,465,244	782,989,213	604,761,508
Management fee (Note 21)	30,946,839	33,153,336	29,720,134
Interest and other income (Notes 4, 5, 15 and 21)	719,611,095	655,138,866	392,568,867
	3,898,837,818	6,203,069,002	6,398,440,119
COSTS AND EXPENSES			
Real estate (Notes 6, 16 and 21)	2,247,861,019	3,732,573,320	4,220,273,321
Selling and administrative (Notes 16 and 21)	1,087,891,011	1,252,170,427	1,136,042,356
Finance costs (Notes 12, 17, and 22)	53,222,838	50,665,738	36,369,317
	3,388,974,868	5,035,409,485	5,392,684,994
INCOME BEFORE INCOME TAX	509,862,950	1,167,659,517	1,005,755,125
PROVISION FOR INCOME TAX (Note 18)	158,472,224	353,386,134	305,129,101
NET INCOME	351,390,726	814,273,383	700,626,024
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will not be reclassified to profit or loss in subsequent years:			
Actuarial gain (loss) on pension liabilities (Note 17)	50,045,789	(20,147,938)	9,808,359
Income tax effect (Note 18)	(15,013,737)	6,044,381	(2,942,508)
	35,032,052	(14,103,557)	6,865,851
TOTAL COMPREHENSIVE INCOME	₱386,422,778	₱800,169,826	₱707,491,875
Net income attributable to:			
Equity holders of Anchor Land Holdings, Inc.	₱349,648,848	₱824,573,730	₱706,780,526
Non-controlling interests	1,741,878	(10,300,347)	(6,154,502)
	₱351,390,726	₱814,273,383	₱700,626,024
Total comprehensive income attributable to:			
Equity holders of Anchor Land Holdings, Inc.	₱384,613,372	₱810,599,498	₱713,466,096
Non-controlling interests	1,809,406	(10,429,672)	(5,974,221)
	₱386,422,778	₱800,169,826	₱707,491,875
Basic/Diluted Earnings Per Share (Note 23)	₱0.31	₱0.77	₱0.65

See accompanying Notes to Consolidated Financial Statements.



ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Equity Holders of Parent				Retained Earnings (Note 19)		Attributable to Non-controlling Interest	Total
	Common Stock (Note 19)	Preferred Stock (Note 19)	Additional Paid-in Capital	Other Comprehensive Income	Appropriated	Unappropriated		
At January 1, 2020	₱1,040,001,000	₱346,667,000	₱632,687,284	₱2,675,877	₱4,670,000,000	₱1,349,379,136	(₱11,011,170)	₱8,030,399,127
Net income	—	—	—	—	—	349,648,848	1,741,878	351,390,726
Other comprehensive income (loss)	—	—	—	34,964,524	—	—	67,528	35,032,052
Total comprehensive income	—	—	—	34,964,524	—	349,648,848	1,809,406	386,422,778
Release from appropriations	—	—	—	—	(100,000,000)	100,000,000	—	—
Dividends declared	—	—	—	—	—	(121,333,450)	—	(121,333,450)
At December 31, 2020	₱1,040,001,000	₱346,667,000	₱632,687,284	₱37,640,401	₱4,570,000,000	₱1,677,694,534	(₱9,201,764)	₱8,295,488,455
At January 1, 2019	₱1,040,001,000	₱346,667,000	₱632,687,284	₱16,650,109	₱3,501,900,000	₱1,803,838,846	(₱581,498)	₱7,341,162,741
Net income	—	—	—	—	—	824,573,730	(10,300,347)	814,273,383
Other comprehensive income (loss)	—	—	—	(13,974,232)	—	—	(129,325)	(14,103,557)
Total comprehensive income	—	—	—	(13,974,232)	—	824,573,730	(10,429,672)	800,169,826
Dividends declared	—	—	—	—	—	(110,933,440)	—	(110,933,440)
Appropriated during the year	—	—	—	—	1,370,000,000	(1,370,000,000)	—	—
Release from appropriations	—	—	—	—	(201,900,000)	201,900,000	—	—
At December 31, 2019	₱1,040,001,000	₱346,667,000	₱632,687,284	₱2,675,877	₱4,670,000,000	₱1,349,379,136	(₱11,011,170)	₱8,030,399,127



	Attributable to Equity Holders of Parent							Total
	Common Stock (Note 19)	Preferred Stock (Note 19)	Additional Paid-in Capital	Other Comprehensive Income	Retained Earnings (Note 19)		Attributable to Non- controlling Interest	
					Appropriated	Unappropriated		
At January 1, 2018	₱1,040,001,000	₱346,667,000	₱632,687,284	₱9,964,539	₱3,428,150,000	₱1,271,341,750	₱3,892,723	₱6,732,704,296
Net income	—	—	—	—	—	706,780,526	(6,154,502)	700,626,024
Other comprehensive income	—	—	—	6,685,570	—	—	180,281	6,865,851
Total comprehensive income	—	—	—	6,685,570	—	706,780,526	(5,974,221)	707,491,875
Addition to non-controlling interest	—	—	—	—	—	—	1,500,000	1,500,000
Dividends declared	—	—	—	—	—	(100,533,430)	—	(100,533,430)
Appropriated during the year	—	—	—	—	150,000,000	(150,000,000)	—	—
Release from appropriations	—	—	—	—	(76,250,000)	76,250,000	—	—
At December 31, 2018	₱1,040,001,000	₱346,667,000	₱632,687,284	₱16,650,109	₱3,501,900,000	₱1,803,838,846	(₱581,498)	₱7,341,162,741

See accompanying Notes to Consolidated Financial Statements.



ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱509,862,950	₱1,167,659,517	₱1,005,755,125
Adjustments for:			
Interest income (Note 15)	(537,710,804)	(635,764,969)	(317,236,708)
Depreciation and amortization (Notes 8, 9, 10 and 16)	292,032,970	254,063,912	159,817,809
Finance costs (Notes 12, 17 and 22)	53,222,838	50,665,738	32,925,748
Pension costs (Note 17)	18,339,809	13,410,004	17,106,666
Operating income before working capital changes	335,747,763	850,034,202	898,368,640
Decrease (increase) in:			
Receivables	1,099,026,187	307,434,791	(64,246,298)
Real estate for development and sale	(415,346,345)	673,310,852	365,391,894
Other assets	(208,006,120)	(404,323,115)	(572,686,583)
Increase (decrease) in:			
Accounts and other payables	254,241,065	863,789,820	(86,243,722)
Customers' advances and deposits	310,529,735	1,436,428,911	40,421,503
Net cash generated from operations	1,376,192,285	3,726,675,461	581,005,434
Interest received	537,710,804	635,764,969	317,236,708
Income tax paid, including creditable withholding taxes	(408,681,073)	(498,511,367)	(270,530,186)
Interest paid	(17,000,123)	(21,845,524)	(28,117,424)
Net cash provided by operating activities	1,488,221,893	3,842,083,539	599,594,532
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Property and equipment (Note 8)	(597,056,929)	(910,957,108)	(299,089,513)
Investment properties (Note 9)	(1,932,661,913)	(4,658,481,657)	(1,819,097,238)
Software costs (Note 10)	(4,829,125)	(7,246,949)	—
Cash used in investing activities	(2,534,547,967)	(5,576,685,714)	(2,118,186,751)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability (Note 22)	(55,578,467)	(52,568,091)	—
Proceeds from loan availments (Note 12)	4,075,999,368	7,062,259,924	8,501,101,900
Addition to non-controlling interest	—	—	1,500,000
Payments of:			
Loans payable (Note 12)	(2,666,559,932)	(5,034,764,843)	(6,779,170,200)
Dividends (Note 19)	(121,333,450)	(110,933,440)	(100,533,430)
Net cash provided by financing activities (Note 24)	1,232,527,519	1,863,993,550	1,622,898,270
NET INCREASE IN CASH AND CASH EQUIVALENTS	186,201,445	129,391,375	104,306,051
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,189,078,934	1,059,687,559	955,381,508
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱1,375,280,379	₱1,189,078,934	₱1,059,687,559

See accompanying Notes to Consolidated Financial Statements.



ANCHOR LAND HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information and Authorization for the Issuance of the Financial Statements

Corporate Information

Anchor Land Holdings, Inc. (the Parent Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on July 29, 2004. The Parent Company started its operations on November 25, 2005 and eventually traded its shares to the public in August 2007. The registered office address of the Parent Company is at 11th Floor, L.V. Locsin Building, 6752 Ayala Avenue corner Makati Avenue, Makati City.

Below are the Parent Company's subsidiaries with its respective percentage ownership in 2020 and 2019:

Property Development

Gotamco Realty Investment Corporation (GRIC)	100%
Anchor Properties Corporation or APC (formerly Manila Towers Development Corporation)	100%
Posh Properties Development Corporation (PPDC)	100%
Admiral Realty Company, Inc. (ARCI)	100%
Anchor Land Global Corporation	100%
Realty & Development Corporation of San Buenaventura	100%
Pasay Metro Center, Inc.	100%
1080 Soler Corp.	100%
Nusantara Holdings, Inc.	100%
Globeway Property Ventures, Inc. (GPVI)	70%
Basiclink Equity Investment Corp.	100%
Ireanmeda Realty, Inc.	100%
Frontier Harbor Property Development, Inc.	100%
TeamEx Properties Development Corporation (TPDC)	100%
WeWork Realty Development Corporation (WRDC)	100%
All Farm Genetic Venture Corp. (AFGVC)	70%
Fersan Realty Corporation (FRC)	100%

Hotels and Resorts

Anchor Land Hotels & Resorts, Inc. (ALHRI)	100%
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Property Management

Momentum Properties Management Corporation (MPMC)	100%
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Aluminum and Glass Doors and Windows Fabrication and Installation

Eisenglas Aluminum and Glass, Inc. (EAGI)	60%
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All of the Parent Company's subsidiaries were incorporated and domiciled in the Philippines.

The Parent Company and its subsidiaries (collectively called "the Group") have principal business interest in the development and sale of high-end residential condominium units and in the development and leasing of commercial, warehouse and office spaces. MPMC provides property management services to the Group's completed projects, commercial centers and buyers. ALHRI was incorporated in June 2017 to engage in the Group's hotel and resort operations. TPDC and WRDC were incorporated in September 2018 and November 2018, respectively, to engage in the Group's property development operations. AFGVC was incorporated in November 2018 to engage in the Group's development and operate agricultural lands and farms.



On January 7, 2019, the Group through APC acquired 100% of the voting shares of FRC, a company registered in the Philippines whose principal activity is to engage in property development (see Notes 3 and 9).

As of December 31, 2020, FRC, TPDC, WRDC, AFGVC and ALHRI have not yet started commercial operations.

In 2020, EAGI has stopped its operations. EAGI is previously engaged in the fabrication and installation of aluminum and glass doors and windows.

There are non-controlling interests of 30% in AFGVC, 30% in GPVI and 40% in EAGI in 2020 and 2019.

Authorization for the Issuance of the Financial Statements

The consolidated financial statements of the Group as at December 31, 2020 and 2019, and for each of the three years in the period ended December 31, 2020 were approved and authorized for issuance by the Board of Directors (BOD) on April 7, 2021.

2. Summary of Significant Accounting Policies

Basis of Preparation

The consolidated financial statements of the Group have been prepared using the historical cost basis. The consolidated financial statements are presented in Philippine Peso (₱), the Parent Company's functional currency and presentation currency under Philippine Financial Reporting Standards (PFRS). All amounts are rounded to the nearest peso, except when otherwise indicated.

The accompanying consolidated financial statements have been prepared under the going concern assumption. While the government eases restrictions of business activities to revive economic growth, the impact of COVID-19 may continue to evolve giving inherent uncertainties on businesses.

Statement of Compliance

The accompanying consolidated financial statements of the Group have been prepared in compliance with PFRS, which include the availment of the relief granted by the SEC under Memorandum Circular Nos. 14-2018 and 3-2019, to defer the implementation of the following accounting pronouncements until December 31, 2020. These accounting pronouncements address the issues of PFRS 15, *Revenue from Contracts with Customers* affecting the real estate industry:

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

- a. Exclusion of land in the determination of percentage of completion (POC) discussed in PIC Q&A No. 2018-12-E
- b. Assessing if the transaction price includes significant financing component (as amended by PIC Q&A No. 2020-04)

Deferral of the adoption of PIC Q&A No. 2018-14: PFRS 15 – Accounting for Cancellation of Real Estate Sales (as amended by PIC Q&A 2020-05)

Deferral of the Implementation of IFRS Interpretations Committee ("IFRIC") Agenda Decision on Over Time Transfer of Constructed Goods [Philippine Accounting Standards (PAS) 23-Borrowing Cost] For Real Estate Industry



In December 2020, the SEC issued Memorandum Circular No. 34-2020, allowing the further deferral of the adoption of provisions (a) and (b) above of PIC Q&A 2018-12 and the IFRIC Agenda Discussion on Borrowing Cost, for another 3 years or until December 31, 2023.

The details and the impact of the adoption of the above financial reporting reliefs are discussed in the Adoption of New and Amended Accounting Standards and Interpretations section of Note 2.

PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards and Interpretations issued by the Philippine Interpretations Committee (PIC).

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries, entities over which the Parent Company has control.

Specifically, the Parent Company controls an investee if and only if the Parent Company has all the following:

- 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.

When the Parent Company has less than a majority of the voting rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over the investee, including:

- Any contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and,
- The Parent Company's voting rights and potential voting rights.

The Parent Company reassesses 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.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continue to be consolidated until the date when such control ceases.

Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the date the Parent Company gains control or until the date when the Parent Company ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions and gains and losses resulting from intra-group transactions and dividends are eliminated in full. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests (NCI), even if this results in the non-controlling interests having a deficit balance.



A change in the ownership interest in a subsidiary, without a loss of control, is accounted for as an equity transaction. When the Parent Company loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any NCI
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Recognizes the Parent Company's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Parent Company has directly disposed of the related assets or liabilities.

Non-controlling Interests

NCI represent the portion of income and expense and net assets in subsidiaries that are not held by the Parent Company and are presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separate from the equity attributable to the equity holders of the Parent Company.

Reclassification

The consolidated financial statements provide comparative information in respect of the previous period. In 2020, the Group reclassified the noncurrent portion of Input VAT from other current assets amounting to ₱65.43 million as of December 31, 2019 (see Note 10). As a result, the balance of the current portion of Input VAT as at December 31, 2019 was adjusted to ₱462.13 million (see Note 7).

As the reclassification had no significant impact on the Group's current and noncurrent assets, total liabilities and total equity as at January 1, 2020, management believes that the presentation of the consolidated statements of financial position as at beginning of the earliest period presented is not necessary. The reclassification did not also impact the consolidated statement of comprehensive income and consolidated statement of cash flows for the year ended December 31, 2019, including the basic/diluted earnings per share of the Group.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the Group's financial statements are consistent with those of the previous financial years except for the following new and amended PFRSs which were adopted beginning January 1, 2020. The adoption of these pronouncements did not have any significant impact to the Group's consolidated financial position and performance unless otherwise indicated.

- *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.

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



- 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 had no significant impact to the Group's consolidated financial statements.

- 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.

- *Conceptual Framework for Financial Reporting issued on March 29, 2018*
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 standard-setters 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.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions*
The amendments to PFRS 16 provide practical relief to the lessees in accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession is a lease modification if all of the following conditions are met:
 - The rent concession is a direct consequence of COVID-19;
 - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
 - Any reduction in lease payments affects only payments originally due on or before June 30, 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.

The amendments did not have a significant impact to the Group as there are no rent concessions granted to the Group as a lessee.



- Adoption of *PIC Q&A 2020-03, Q&A No. 2018-12-D: STEP 3 - On the Accounting of the Difference When the Percentage of Completion is Ahead of the Buyer's Payment*.
PIC Q&A 2020-03 was issued by the PIC on September 30, 2020 aims to provide an additional option to the preparers of financial statements to present as receivables, the difference between the POC and the buyer's payment, with the POC being ahead. The adoption of this PIC Q&A did not impact the consolidated financial statements of the Group since it has previously adopted the additional guidance issued by the PIC in September 2019.

Standards and Interpretation Issued but Not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect the future adoption of these pronouncements to 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 apply retrospectively, however, the Group is not required to restate prior periods.

Effective beginning on or after January 1, 2022

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

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

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



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

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

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

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

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

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. The standard will affect the future classification of liabilities as current or noncurrent when there are future deferral of settlement of the Group's financial liabilities.

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.

The Group does not expect these amendments to have significant impact to the consolidated financial statements because it does not currently have interests in associates and joint ventures.

- *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 (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

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.

In November 2020, the PIC issued PIC Q&As 2020-04 which provides additional guidance on determining whether the transaction price includes a significant financing component.



The Group availed of the SEC reliefs to defer the above 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:

- The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments explicit in the contract to sell would constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted to restatement of prior year financial statements. Adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, instalment contracts receivable, provision for deferred income tax, deferred tax asset or liability for all years presented, and the opening balance of retained earnings. Currently, any significant financing component arising from the mismatch discussed above is not considered for revenue recognition purposes.
- The exclusion of land in the determination of POC would reduce the percentage of completion of real estate projects resulting in a decrease in beginning retained earnings as well as a decrease in the revenue from real estate sales in 2020.

The above would have impacted the cash flows from operations and cash flows from financing 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 financial statements are not considered to be in accordance with PFRS and should specify in the "Basis of Preparation of the Financial Statements" section of the financial statements that the accounting framework is:

PFRS, 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. Treatment of land in the determination of the percentage-of-completion; and
2. 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 financial statements are prepared in accordance with the compliance framework described in the notes to the 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 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 the 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.

- *IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Cost)*

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 paragraph 35(c) of IFRS 15 (PFRS 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 Philippine Accounting Standards (PAS) 23, *Borrowing Costs*, 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. 4-2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the Real Estate Industry until December 31, 2023. Effective January 1, 2024, 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.

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 in restatement of prior year financial statements. Adoption of the IFRIC agenda decision would have impacted interest expense, cost of sales, provision for deferred income tax, real estate inventories, deferred tax liability and the opening balance of retained earnings. The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented.



Summary of Significant Accounting Policies

The following accounting policies were applied in the preparation of the Group's consolidated financial statements:

Current and Noncurrent Classification

The Group presents assets and liabilities in the consolidated statements of financial position based on current or noncurrent classification.

An asset is classified as current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within 12 months from the reporting date; or,
- cash and cash equivalents, unless restricted from being exchanged or used to settle a liability for at least within 12 months from the reporting date.

A liability is classified as current when:

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

The Group classifies all other assets and liabilities as noncurrent.

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

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash in banks are stated at face amount and earn interest at the prevailing bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of changes in value.

Financial Instruments

Date of recognition

The Group recognizes a financial asset or a liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

a. Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial asset at amortized cost, fair value through OCI (FVTOCI) and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables, except for installment contract receivables, are measured at the transaction price determined under PFRS 15. Refer to the accounting policies on revenue from contracts with customers.



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

Day 1' difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions of the same instrument or based on a valuation technique whose variables include only data from an observable market, the Group recognizes the difference between the transaction price and fair value ('Day 1' difference) in profit or loss unless it qualifies for recognition as some other type of asset and liability. In cases where inputs to the valuation technique are not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.

Subsequent measurement

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

- Financial assets at amortized cost (debt instruments);
- Financial assets at FVTOCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets FVTOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at FVTPL.

Financial assets at amortized cost

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

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

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

The Group's financial assets at amortized cost include cash and cash equivalents, trade receivables from real estate sales which are included in the installment contracts receivable, rental receivable, due from condominium associations, other receivables, utility and security deposits and construction bond deposits.

Derecognition

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

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



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

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

Impairment of financial assets

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

For trade receivables from real estate sales, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group uses the vintage analysis that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

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

The key inputs in the model include the Group's definition of default and historical data of five years for the origination, maturity date and default date. The Group considers a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.



b. Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include "Accounts and other payables" (except "Other taxes payable") and "Loans payable" and other liabilities that meet the above definition (other than liabilities covered by other accounting standards).

Subsequent measurement

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

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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

This category generally applies to accounts and other payables (excluding other taxes and statutory payables) and loans payable.

Derecognition

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

c. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position, if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Real Estate for Development and Sale

Real estate for development and sale is constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, are held as inventory and are measured at the lower of cost or net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less estimated costs to complete and estimated costs to sell.



Cost includes the purchase price of land and those costs incurred for the development and improvement of the properties such as amounts paid to contractors, capitalized borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Advances to Contractors and Suppliers and Retention Payable

Amounts paid to contractors and suppliers in advance are not part of real estate for development and sale but presented as “Advances to contractors and suppliers” under “Other current assets” and “Other noncurrent assets” in the consolidated statements of financial position.

Advances to contractors and suppliers are classified based on the actual realization of such advances based on the determined usage/realization of the asset to which it is intended for (e.g. inventory, investment property).

Portion of the contractors’ progress billings which are withheld by the Group are presented as “Retention payable” under “Accounts and other payables” in the consolidated statements of financial position. These serve as security from the contractor should there be defects in the project and will be released after the satisfactory completion of the contractors’ work.

Creditable Withholding Tax

Creditable withholding tax pertains to the amounts withheld from income derived from real estate sales and leasing activities which can be applied against income tax payable.

Value-added Tax (VAT)

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

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

Prepaid Expenses

Prepaid expenses are carried at cost less the amortized portion. These typically comprise prepayments of rent, insurance premiums and real property taxes. These also include the deferred portion of commissions paid to sales or marketing agents that are yet to be charged to the period the related revenue is recognized.

Deposits on Real Estate Properties

Deposits on real estate properties represent the Group’s advance payments to real estate property owners for the acquisition of real estate properties. Once the sale is consummated, these deposits will be applied against the selling price of the real estate property acquired. Deposits on real estate properties are classified as current or noncurrent based on the realization of such deposits determined with reference to the usage of the asset to which it is intended for (e.g. real estate for development and sale, investment property or property and equipment).

Property and Equipment

The Group’s property and equipment consist of hotel property that is under construction, leasehold improvements, office equipment, furniture and fixtures, transportation equipment and right-of-use assets that do not qualify as investment properties.



Property and equipment are carried at cost less accumulated depreciation and amortization, and any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use, including capitalized borrowing cost. When significant parts of property and equipment are required to be replaced in intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Effective January 1, 2019, it is the Group's policy to classify right-of-use assets as part of property and equipment. Prior to that date, all of the Company's leases are accounted for as operating leases in accordance with PAS 17, hence, not recorded on the consolidated statement of financial position. The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. Right-of-use assets are subject to impairment.

Depreciation and amortization of property and equipment commences when the assets are available for use and is computed on a straight-line basis over the estimated useful lives (EUL) of the property and equipment as follows:

	Years
Office equipment	2 - 5
Furniture and fixtures	2 - 5
Transportation equipment	3 - 5

Leasehold improvements are amortized on a straight-line basis over term of the lease or the EUL of the asset of 2 to 5 years.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are amortized on a straight-line basis over the term of lease.

Depreciation on hotel property, excluding land which is not subject to depreciation, does not commence until it is complete and available for use. The useful life and, depreciation and amortization methods are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

When property and equipment are retired or otherwise disposed of, the cost of the related accumulated depreciation and amortization, and accumulated provision for impairment losses, if any,



are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Fully depreciated property and equipment are retained in the accounts until they are no longer in use and no further depreciation is charged against current operations.

Investment Properties

Investment properties comprise of properties which are held to earn rentals and properties under construction or redevelopment which will be held for rental upon completion as well as land currently held for undetermined use. Investment properties also include right-of-use assets involving real properties that are subleased to other entities.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of the replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are carried at historical cost less provisions for depreciation and impairment. Accordingly, land is carried at cost less any impairment in value and building is carried at cost less depreciation and any impairment in value. Construction-in-progress (CIP) is stated at cost. The initial cost of investment property consists of its construction costs, and any directly attributable costs of bringing the asset to its working condition and location for its intended use, including capitalized borrowing cost. CIP is not depreciated until such time as the relevant assets are completed and put into operational use. CIP are carried at cost and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete, and the property is ready for occupation.

For those right-of-use assets that qualify as investment properties, i.e., those land that are leased by the Group, these are classified under investment properties. Consistent with the Group's policy regarding the measurement of investment properties, these assets are subsequently measured at cost less amortization and impairment in value.

Depreciation of investment properties are computed using the straight-line method over the EUL of the assets 17 to 30 years or lease term, whichever is lower. ROU recognized under investment properties, which is comprised of land, is depreciated over the lease term of 17 years. The useful life and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of investment properties.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

A transfer is made to investment property when there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. A transfer is made from investment property when and only when there is change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. A transfer between investment property, owner-occupied property and inventory does not change the carrying amount of the property transferred nor the cost of that property for measurement or disclosure purposes.



Impairment of Nonfinancial Assets

The Group assesses at each reporting date whether there is an indication that its nonfinancial assets (i.e., deposits on real estate properties, advances to contractors and suppliers, property and equipment, and investment properties including ROU assets) may be impaired. If any such indication exists or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in the expense categories of profit or loss consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Customers' Advances and Deposits

Deposits from real estate buyers

Deposits from real estate buyers represent mainly reservation fees and advance payments. These deposits will be recognized as revenue in profit or loss as the related obligations are fulfilled to the real estate buyers. This is treated as contract liabilities of the Group.

Deposits from lessees

Deposits from lessees consist of payments from tenants for leasehold rights. Leasehold rights pertain to the right to lease the commercial space over a certain number of years. These payments are subsequently recognized as income under "Rental income" on a straight-line basis over the lease term. Deposits from lessees also include advance collection pertaining to the lease of commercial units of the Group.

Equity

Capital stock is measured at par value for all shares issued. When the Group issues more than one class of share, a separate account is maintained for each class of share and the number of shares issued. When the shares are sold at premium, the difference between the proceeds and the par value is credited to additional paid-in capital. When the shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Group, the shares are measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.



An entity typically incurs various costs in issuing or acquiring its own equity instruments. Those costs might include registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties. The transaction costs of an equity transaction are accounted for as deductions from equity (net of related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognized as an expense.

Retained earnings represent the cumulative balance of net income or loss, net of any dividend declaration.

Other Comprehensive Income

OCI are items of income and expense that are not recognized in for the period in accordance with PFRSs. The Group's OCI pertains to remeasurement gains and losses arising from defined benefit pension plan which cannot be recycled to profit or loss.

Revenue Recognition

Revenue from Contract with Customers

Revenue from contracts with customers is recognized when profit or loss control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or as an agent. The Group has concluded that it is acting as principal in majority of its revenue arrangements.

The disclosures of significant accounting judgments and the use of estimates relating to revenue from contracts with customers are provided in Note 3.

Real estate sales

For real estate sales, the Group assesses whether it is probable that the economic benefits will flow to the Group when the sales prices are collectible. Collectability of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the seller. Collectability is also assessed by considering factors such as past history with the buyer and the pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs, after considering the impact of the coronavirus pandemic, if it would still support its current threshold of buyers' equity before commencing revenue recognition.

The Group derives its real estate revenue from sale of condominium units and warehouses. Revenue from sales of completed real estate project is accounted using the full accrual method. Revenue from the sale of uncompleted real estate projects are recognized over time during the construction period (or POC) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses the output method. The Group recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to date. This is based on the monthly project accomplishment report prepared by the third party surveyor as approved by the construction manager which integrates the surveys of performance to date of the construction activities for both sub-contracted and those that are fulfilled by the developer itself.



If any of the criteria under the full accrual or POC method is not met, the deposit method is applied until all the conditions for recording a sale are met. Pending recognition of sale, cash received from buyers are likewise considered as contract liabilities which is presented under the “Customers’ advances and deposits” account in the consolidated statements of financial position.

Information about the Group’s Performance Obligation

The Group entered into contract to sell with one identified performance obligation which is the sale of the condominium unit together with the services to transfer the title to the buyer for a corresponding contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

Payment commences upon signing of the contract to sell and the consideration is payable in cash or under a financing scheme entered with the customer. The financing scheme would include payment of certain percentage of the contract price spread over a certain period (e.g. 4 to 7 years) at a fixed monthly payment with the remaining balance payable in full at the end of the period either through cash or external financing. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction.

The Group provides a quality assurance warranty which is not treated as a separate performance obligation.

Rental income

Rental income under cancellable leases on investment properties is recognized in profit or loss based on the terms of the lease as provided under the lease contract. Rental income under a noncancellable lease agreement is recognized as income on a straight-line basis over the lease term.

Management fee

Management fees consist of revenue arising from contracts of administering a property. The tenants pay either a fixed amount or depending on the agreement and such payment is recognized when the related services are rendered.

Interest and other income

Interest is recognized as it accrues (using the EIR method, i.e., based on the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset). Other income includes service revenue and customer related fees such as penalties and surcharges and income from forfeited reservations and collections, which are recognized as they accrue, taking into account the provisions of the related contract.

Income from forfeited reservation and collections is recognized when the deposits from potential buyers are deemed nonrefundable, subject to provision of Republic Act (RA) No. 6552, *Realty Installment Buyer Protection Act*, upon prescription of the period for the payment of required amortizations from defaulting buyers.

Costs and Expenses

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

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

- On the basis of a direct association between the costs incurred and the earning of specific items of income;



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

Cost of condominium units

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

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue.

Selling and administration expenses

Selling expenses are costs incurred to sell real estate inventories, which includes advertising and promotions, among others. Administrative expenses constitute costs of administering the business. Except for commission (see disclosure in “Costs to obtain a contract” for the accounting of commission), selling and administrative expenses are expenses as incurred. These include cost of leasing services which mainly pertain to depreciation and amortization, taxes and licenses and utilities related to the Group’s commercial projects.

Commissions paid to sales or marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Accordingly, when the POC method is used, commissions are likewise charged to expense in the period the related revenue is recognized.

Contract Balances

Installment contract receivable

An installment contracts receivable represents the Group’s right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). It also includes the difference between the consideration received from the customer and the transferred goods or services to a customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, amount is classified as installment contracts receivable.

Contract liabilities

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

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

Contract liabilities is shown as part of the “Customers’ advances and deposits” account in the consolidated statements of financial position.



Costs to obtain a contract

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

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

Contract fulfillment assets

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

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

Amortization, derecognition and impairment of contract fulfillment assets and capitalized costs to obtain a contract

The Group amortizes contract fulfillment assets and capitalized costs to obtain a contract to cost of sales over the expected construction period using POC following the pattern of real estate revenue recognition. The amortizations of contract fulfilment assets and capitalized costs to obtain a contract are included in the “Real estate” and “Selling and administrative” accounts under “Costs and Expenses” in the consolidated statements of comprehensive income.

A contract fulfillment asset or capitalized costs capitalized to obtain a contract is derecognized when it is disposed of or when no further economic benefits are expected to flow from its use or disposal. At each reporting date, the Group determines whether there is an indication that a contract fulfillment asset may be impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the asset to the remaining amount of consideration that the Group expects to receive less those costs that relate to providing services under the contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price is removed when testing for impairment.

In case the relevant costs demonstrate indicators of impairment, judgement is required in ascertaining the future economic benefits from these contracts as sufficient to recover the relevant assets.

Borrowing Costs

Borrowing costs incurred during the construction period on borrowings used to finance property development are capitalized as part of development costs (included in “Real estate for development and sale”, “Property and Equipment” and “Investment properties” accounts in the consolidated statements of financial position). Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Capitalization of borrowing costs commences



when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete.

Capitalized borrowing cost is based on applicable weighted average borrowing rate for those coming from general borrowings and the actual borrowing costs eligible for capitalization for funds borrowed specifically.

All other borrowing costs are expensed in the period in which they are incurred.

Debt Issuance Costs

Transaction costs incurred in connection with the availments of long-term debt are deferred and amortized using the EIR method over the term of the related loans. These are included in the measurement basis of the related loans.

Pension Liabilities

The Group has an unfunded, noncontributory defined benefit retirement plan covering all of its qualified employees. The Group's pension liability is the aggregate of the present value of the defined benefit obligation as of the reporting date.

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

Pension costs comprise the following:

- Service cost
- Interest on the pension liability
- Remeasurements of pension liability

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

Interest on the pension liability is the change during the period in the pension liability that arises from the passage of time which is determined by applying the discount rate based on government bonds to the pension liability. Interest on the pension liability is recognized in the consolidated statement of comprehensive income as "Finance costs".

Remeasurements comprising actuarial gains and losses are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. In determining significant risks and benefits of ownership, the Group considers, among others, the significance of the lease term as compared with the EUL of



the related asset. Rental income is recognized over the lease term on a straight-line basis, unless another systematic basis is more representative of the time pattern in which use benefit is derived.

The Group requires its tenants to pay leasehold rights pertaining to the right to use the leased unit which is reported under “Customers’ advances and deposits” in the consolidated statements of financial position. Upon commencement of the lease, these payments are recognized in the consolidated statements of comprehensive income under “Rental income” on a straight-line basis over the lease term.

Lease modification

Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term).

A lessor shall account for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. If a change in lease payments does not meet the definition of a lease modification that change would generally be accounted for as a negative variable lease payment. In the case of an operating lease, a lessor recognizes the effect of the rent concession by recognizing lower income from leases.

Group as a lessee – effective on or after January 1, 2019

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Lease liabilities

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

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

Short-term leases and leases of low-value assets

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



Group as a lessee - prior to January 1, 2019

Leases where the lessor retains substantially all the risks and benefits of the ownership of the asset are classified as operating leases. Lease payments on cancellable lease agreements are recognized as expense based on the terms of the contract. Lease payments on noncancellable lease agreements are recognized as expense on a straight-line basis over the lease term.

Income Taxes

Current taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the reporting date.

Deferred taxes

Deferred tax is provided using the liability method on temporary differences, with certain exceptions, at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred tax assets are recognized for all deductible temporary differences, carry forward benefit of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carryforward of unused tax credits from MCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting income nor taxable income.

Deferred tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries and associates.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

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

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

Basic/Diluted Earnings Per Share (EPS)

Basic EPS is computed by dividing net income for the period attributable to common stockholders by the weighted average number of common shares issued and outstanding during the period adjusted for any stock dividends issued. Diluted EPS is computed by dividing net income for the period attributable to common stockholders by the weighted average number of common shares issued and outstanding during the period after giving effect to assumed conversion of potential common shares. Basic and diluted EPS are adjusted to give retroactive effect to any stock dividends declared during the period.



As at December 31, 2020 and 2019, the Group has no dilutive potential common shares.

Segment Reporting

The Group's operating business is composed of condominium sales, leasing and property management. Financial information on the Group's business segments are presented in Note 21.

Fair Value Measurement

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

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

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

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

For assets and liabilities that are recognized in the consolidated financial statements 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 each reporting date.

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

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

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

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

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

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.



Contingencies

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

Events After the Reporting Date

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

3. **Significant Accounting Judgments and Use of Estimates**

The preparation of the consolidated financial statements in compliance with PFRSs requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements. The judgments and estimates used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Future events may occur which will cause the judgments and 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 continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

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

Leases

The Group applied the following judgments that significantly affect the determination of the amount and timing of income from lease contracts:

Determination of lease term of contracts with renewal options – Group as a lessee (Effective January 1, 2019)

The Group has several lease contracts that include extension options. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group included the renewal period as part of the lease term for the lease of a parcel of land where one of the Group's investment property is located. The Group assessed that the option to renew the lease contract is reasonably certain to be exercised.



Real estate revenue recognition

Existence of a contract

The Group's primary document for a contract with a customer is a signed contract to sell. It has determined, however, that in cases wherein contract to sell is not signed by both parties, the other signed documentations such as purchase agreement and reservation application would contain all the criteria to qualify as contract with the customer under PFRS 15.

Equity threshold

Part of the Group's assessment process before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. Collectability of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the seller. Collectability is also assessed by considering factors such as past history with the buyer, and the pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs, after considering the impact of the coronavirus pandemic, if it would still support its current threshold of buyers' equity before commencing revenue recognition.

Revenue recognition and measure of progress

The Group concluded that revenue for real estate sales is to be recognized over time because: (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date.

The promised property covering specific condominium unit and/or parking slot is specifically identified in the contract. The Group is contractually restricted to sell the promised property to another buyer or to direct it for another use. In addition, the Group has the right to enforce payment from the buyer up to the performance completed to date.

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

Distinction between business combination and property acquisition

The Group acquires subsidiaries that own real estate. At the time of acquisition, the Group considers whether the acquisition represents acquisition of a business or acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities and assets is acquired in addition to the property.

When the acquisition of subsidiaries does not represent a business combination, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized.

The Group's acquisition of 100% of the voting shares of FRC in 2019 represents acquisition of an asset.

Distinction between real estate for development and sale, property and equipment and investment properties

The Group determines whether a property qualifies as real estate for development and sale, property and equipment or investment properties by considering whether the property is occupied substantially



for use by or in operations of the Group; for sale in the ordinary course of the business; or, held primarily to earn rental income and capital appreciation.

Real estate for development and sale comprise both condominium units for sale and land held for future development, which are properties that are held for sale in the ordinary course of the business. Principally, these are properties that the Group develops and intends to sell before or upon completion of construction.

Properties intended to earn rental and for capital appreciation are classified as investment properties while properties occupied by the Group are considered as property and equipment. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for services or for administrative purposes. If these portions cannot be sold separately at the reporting date, the property is accounted for as investment property only if an insignificant portion is held for use for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

Impairment testing of financial assets

Definition of default and credit-impaired assets

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

Quantitative criteria

The Group has applied the presumption indicated within PFRS 9 pertaining to the default definition; that is, default of a financial instrument does not occur later than when a financial asset is 90 days past due.

Qualitative criteria

The counterparty meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The counterparty is in long-term forbearance;
- The counterparty is deceased;
- The counterparty is insolvent;
- The counterparty is in breach of financial covenant(s);
- An active market for that financial asset has disappeared because of financial difficulties;
- Concessions have been granted by the Group relating to the counterparty's financial difficulty;
- It is becoming probable that the counterparty will enter bankruptcy; or
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the PD, Exposure at Default (EAD), and LGD, including the impact of the coronavirus pandemic for the expected timing of recoveries, throughout the Group's expected loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months.



Transfers of financial assets with continuing involvement

The Group enters into various agreements with local banks for the sale of its installment contracts receivable in the form of sale without recourse transactions. In the substance of the agreements, the Group has continuing involvement over the receivables sold. Accordingly, the receivables were not derecognized and the related cash considerations were recognized as loans payable. Contract receivables sold under these agreements amounted to nil and ₱11.58 million as at December 31, 2020 and 2019, respectively (see Notes 5 and 12).

Impairment of nonfinancial assets

The Group assesses impairment on its nonfinancial assets (i.e., property and equipment, investment properties and software costs) and considers the following important indicators:

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

If such indications are present and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

As at December 31, 2020 and 2019, carrying values follow:

	2020	2019
Property and equipment (Note 8)	₱2,720,174,308	₱2,097,219,920
Investment properties (Note 9)	15,221,425,058	14,893,755,115
Advances to contractors and supplier (Notes 7 and 10)	1,599,968,533	1,166,651,958
Deposits on real estate properties (Notes 7 and 10)	77,390,800	150,388,427
Software and brand development costs (Note 10)	8,184,278	7,895,697

Management assessed that there are no indicators of impairment for the Group's nonfinancial assets as at December 31, 2020 and 2019 except for the hotel property under construction. No impairment loss was recognized in 2020 as the recoverable amount exceeds the carrying value of the hotel property as of December 31, 2020. Refer to discussion under estimates.

Assessment on whether lease concessions granted constitute a lease modification

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of the coronavirus pandemic, the Group provided lease concessions in the form of discounts, adjustments, and waiver of monthly rental fees to its lessees.

The Group applies judgment when assessing whether the rent concessions granted is considered a lease modification under PFRS 16. In making this judgment, the Group determines whether the rent concessions granted has changed the scope of the lease, or the consideration thereof, that was not part of the original terms and conditions of the lease, including consideration of general and special laws in the Philippines which may apply.

The impact of lease concessions granted by the Group decreased total rental income in 2020 by ₱57.57 million for concessions accounted as lease modification.



Management's Use of Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Valuation of investment property

The fair value of investment property is determined by real estate valuation experts using recognized valuation techniques and the principles of PFRS 13, *Fair Value Measurement*. Investment property is measured based on estimates prepared by independent real estate valuation experts, except where such values cannot be reliably determined. The significant methods and assumptions used by valuers in estimating the fair value of investment property are set out in Note 9.

Estimating NRV of real estate inventories

The Group reviews the NRV of real estate inventories, which are recorded under "Real estate for development and sale" in the consolidated statements of financial position, and compares it with the cost, since assets should not be carried in excess of amounts expected to be realized from sale. Real estate for development and sale are written down below cost when the estimated NRV is found to be lower than the cost.

NRV for completed real estate inventories is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group in light of recent market transactions and having taken suitable external advice. NRV in respect of inventory under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less an estimate of the time value of money to the date of completion.

The estimates used took into consideration fluctuations of price or cost directly relating to events occurring after the reporting date to the extent that such events confirm conditions existing at the reporting date. As at December 31, 2020 and 2019, the Group's real estate for development and sale which are carried at cost amounted to ₱7,780.36 million and ₱5,979.06 million, respectively (see Note 6).

Revenue recognition

The Group's revenue from real estate sales are recognized based on the POC method. POC is determined based on the physical proportion of work done on the real estate project which requires technical determination by the Group's project engineers. The rate of completion is validated by the responsible department to determine whether it approximates the actual completion rate. Changes in estimate may affect the reported amounts of revenue and receivables.

Real estate sales amounted to ₱2,125.81 million, ₱4,731.79 million and ₱5,371.39 million for the years ended December 31, 2020, 2019 and 2018, respectively (see Note 21).

Recognition of deferred tax assets

The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces the amounts to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilized. Significant judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing



and level of future taxable income together with future planning strategies. The Group assessed its projected performance in determining the sufficiency of future taxable profit.

The net deferred tax assets recognized as at December 31, 2020 and 2019 amounted to ₱86.32 million and ₱76.21 million, respectively. The Group's unrecognized deferred tax assets amounted to ₱1.07 million and ₱1.04 million as at December 31, 2020 and 2019, respectively (see Note 18).

Impairment testing of financial assets upon adoption of PFRS 9

Provision for Expected Credit Losses of receivables

The Group determines an allowance for impairment loss at a level considered adequate to provide for potential uncollectible receivables. The Group applies simplified approach in calculating expected credit loss (ECL). The Group performs a regular review of the age and status of these accounts which are designed to identify accounts for impairment. The Group considers the following key areas of judgment: segmenting the Group's credit risk exposures; determining the method to estimate lifetime ECL; defining default; determining assumptions to be used in the ECL model such as timing and amount of expected net recoveries from defaulted accounts; and incorporating forward-looking information (called overlays), including the impact of coronavirus pandemic, in calculating ECL. The amount of ECLs is sensitive to changes in circumstances and forecasted economic conditions. External information includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions. Assumptions used in the assessment include one year as timing of resale upon completion projects, original selling price, and relevant forward-looking macro-economic assumptions.

As at December 31, 2020 and 2019, the Group has not provided any allowance for impairment losses on its trade receivables from real estate sales of ₱4,633.66 million and ₱5,997.42 million as at December 31, 2020 and 2019, respectively (see Note 5), after consideration of credit enhancement (see Note 20).

Estimating pension cost and obligation

The cost of defined benefit pension plans and the present value of the pension obligations are determined using actuarial valuations. The actuarial valuation involves making various assumptions which include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

While the Group believes that the assumptions are reasonable and appropriate, significant differences between actual experiences and assumptions may materially affect the cost of employee benefits and related obligations.



As at December 31, 2020 and 2019, the present value of benefit obligation amounted to ₱74.72 million and ₱104.65 million, respectively. Net pension cost amounted to ₱24.03 million and ₱18.51 million for the years ended December 31, 2020 and 2019, respectively (see Note 17).

Leases - Estimating the incremental borrowing rate

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

As at December 31, 2020 and 2019, lease liabilities of the Group amounted to ₱319.02 million and ₱259.93 million, respectively (see Notes 20 and 22).

Evaluation of impairment of hotel property

The Group assesses whether there are any indicators of impairment for its hotel property classified under property and equipment (see Note 8) at each financial reporting date. This is tested for impairment when there are indicators that the carrying amount may not be recoverable.

In view of the continuing community quarantine being implemented due to the coronavirus pandemic in 2020, the Group's hotel segment continues to be adversely affected by travel restrictions and delay in the construction activities. While the hotel property of the Group is still under construction as of December 31, 2020, the impact of the coronavirus pandemic is still expected to continue even after the completion of the construction as travel and mobility restrictions, social distancing and stay-at-home orders, among other measures, are still being implemented. These events and conditions are impairment indicators requiring the assessment of the recoverable amount of the hotel property, which involves significant judgment, estimation and assumptions about occupancy rates, average room rates, as well as external inputs such as discount rate.

The carrying value of the hotel property under construction amounted to ₱2,595.04 million and ₱2,013.59 million as of December 31, 2020 and 2019, respectively.

The Group estimates the recoverable amount based on the value-in-use. In determining the present value of estimated future cash flows expected to be generated from the continued use of these assets of the hotel segment, the Group is required to make estimates and assumptions that may affect the nonfinancial assets. The significant assumptions used in the valuation of the hotel property being constructed is the (a) discount rate of 10.10%, (b) estimated increase in room rates ranging from 5% to 10% and (c) estimated occupancy rates ranging from 20% to 70%. The Group considered in its assumptions the impact of the coronavirus pandemic on the occupancy rate and room rates which are not expected to normalize until 2025. No impairment loss was recognized in 2020 as the recoverable amount exceeds the carrying value of the hotel property as of December 31, 2020.



4. Cash and Cash Equivalents

	2020	2019
Cash on hand	₱5,512,395	₱5,540,393
Cash in banks	1,357,294,996	1,175,738,740
Cash equivalents	12,472,988	7,799,801
	₱1,375,280,379	₱1,189,078,934

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are acquired for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the prevailing short-term investment rates. Investment rates for Peso denominated placements ranges from 0.38% to 2.50% in 2020 and 2019 while investment rates for United States Dollar denominated placements are 0.38% to 1.13% and 1.00% to 1.13%, on December 31, 2020 and 2019, respectively. The carrying values of cash and cash equivalents approximate their fair values as of reporting date.

Interest income derived from cash in banks and cash equivalents amounted to ₱3.69 million, ₱5.41 million and ₱1.83 million for the years ended December 31, 2020, 2019 and 2018, respectively (see Note 15).

5. Receivables

	2020	2019
Installment contracts receivable - net of unamortized discount	₱4,633,662,911	₱5,997,416,832
Rental receivable	521,157,951	224,438,779
Advances to employees and agents	35,361,605	37,275,616
Due from condominium associations	29,118,594	31,258,327
Others	127,483,984	155,421,678
	5,346,785,045	6,445,811,232
Less allowance for impairment losses	17,386,443	17,386,443
	5,329,398,602	6,428,424,789
Less noncurrent portion of installment contracts receivable	2,059,680,944	4,120,495,943
	₱3,269,717,658	₱2,307,928,846

Installment contracts receivable consist of receivables from the sale of real estate properties. These are collectible in equal monthly principal installments over a period ranging from four to seven years depending on the agreement. Installment contracts receivable are generally noninterest-bearing. The corresponding titles to the condominium units sold under this arrangement are transferred to the buyer upon full payment of the contract price.

Rental receivables pertain to receivables from the leasing operation of the Group including the effect of straight-lining. These receivables are noninterest-bearing and are collectible within the normal terms of 30 days.

Advances to employees and agents represent advances for operational purposes and discounts given to clients that are chargeable to agents which are noninterest-bearing and are expected to be liquidated or payable within one year.



Due from condominium associations pertains to utilities, janitorial, security and maintenance expenses paid by the Group in behalf of the condominium association and unpaid balances from management fees for administering properties. These are noninterest-bearing and are payable on demand.

Other receivables include receivables from unit owners which pertains to transfer taxes and other charges initially paid by the Group in behalf of the unit owners. These receivables are noninterest-bearing and are normally settled within one year.

As at December 31, 2020 and 2019, the Group has not provided allowance for impairment losses on its receivables, except for the allowance for impairment losses of ₱17.39 million provided on other receivables in 2018. No additional allowance was provided during 2020 and 2019.

Unamortized discount on installment contracts receivable

In 2020 and 2019, noninterest-bearing installment contracts receivable with a nominal amount of ₱1,328.40 million and ₱3,938.33 million, respectively, were initially recorded at fair value amounting to ₱1,224.43 million and ₱3,502.18 million, respectively. The fair value of the receivables was obtained by discounting future cash flows using the applicable rates of similar types of instruments ranging from 0.99% to 4.90% in 2020 and 3.00% to 6.13% in 2019.

Movements in the unamortized discount on installment contracts receivable as of December 31, 2020 and 2019 follow:

	2020	2019
Balance at beginning of year	₱1,280,321,940	₱1,474,525,107
Additions	103,973,198	436,152,840
Accretion (Note 15)	(534,019,221)	(630,356,007)
Balance at end of year	₱850,275,917	₱1,280,321,940

Receivable financing

The Group enters into various agreements with banks whereby the Group sold its installment contracts receivable. The Group still retains the sold receivables in the receivables account and records the proceeds from these sales as loans payable (see Note 12). The carrying value of installment contracts receivable sold and the related loans payable accounts amounted to ₱1,297.34 million and ₱865.33 million as at December 31, 2020 and 2019, respectively. These receivables are used as collateral to secure the corresponding loans payables obtained.

6. Real Estate for Development and Sale

	2020	2019
Condominium units for sale	₱4,174,257,623	₱3,891,771,270
Land held for future development	3,606,100,735	2,087,286,720
	₱7,780,358,358	₱5,979,057,990



The rollforward of this account follows:

	2020	2019
Balance at beginning of year	₱5,979,057,990	₱6,652,280,366
Additions during the year	2,663,207,364	3,081,258,450
Disposals - recognized as cost of real estate sales (Note 16)	(2,247,861,019)	(3,732,573,320)
Transfers from (to) investment properties (Note 9)	1,385,954,023	(21,907,506)
Balance at end of year	₱7,780,358,358	₱5,979,057,990

Additions during the year pertain to capitalized construction costs, borrowing costs, and other land acquisition costs incurred on the Group's ongoing projects and land held for future development.

Borrowings were used to finance the Group's ongoing projects. The related borrowing costs were capitalized as part of real estate for development and sale. The capitalization rate used to determine the borrowings eligible for capitalization ranges from 4.25% to 8.33% in 2020 and 4.35% to 8.33% in 2019. Borrowing costs on loans payable capitalized as part of "Real estate for development and sale" amounted to ₱617.64 million and ₱481.49 million for the years ended December 31, 2020 and 2019, respectively (see Note 12).

Transfers in 2020 amounting to ₱1,385.95 million pertains to the commercial areas of Monarch Parksuites, and parcels of land intended to be developed as real estate property for sale, while transfer in 2019 amounting to ₱21.91 million pertains to the cost of commercial areas of Princeview and Anchorsky commercial space (see Note 9). These constitute significant noncash transactions in the consolidated statements of cash flows.

The Group recorded no provision for impairment and no reversal was recognized in 2020 and 2019.

As at December 31, 2020 and 2019, the carrying amount of real estate for development and sale used as collateral to secure the Group's bank loans amounted to ₱5,398.78 million and ₱4,743.34 million, respectively (see Note 12).

7. Other Current Assets

	2020	2019
Advances to contractors and suppliers	₱787,688,498	₱828,867,808
Input VAT	444,561,806	462,125,965
Creditable withholding tax	394,872,450	450,833,575
Prepaid expenses	260,779,781	323,377,937
Deposits on real estate properties	—	92,779,852
Others – net of allowance	30,367,259	48,626,522
	₱1,918,269,794	₱2,206,611,659

Advances to contractors and suppliers represent advances and downpayments for the construction of real estate for development and sale that are recouped every progress billing payment depending on the percentage of accomplishment.



Input VAT represents taxes imposed on the Group for the acquisition of lots, purchase of goods from its suppliers and availment of services from its contractors, as required by Philippine taxation laws and regulations. This will be used against future output VAT liabilities or will be claimed as tax credits. Management has estimated that all input VAT is recoverable at its full amount.

Creditable withholding tax pertains mainly to the amounts withheld from income derived from real estate sales and leasing activities. Creditable withholding tax will be applied against income tax due.

Prepaid expenses are attributable to prepayments of rent, insurance premiums, real property taxes and cost to obtain contracts, i.e. commission that is related to the real estate sales.

The movements during the year of the current and noncurrent portions (see Note 10) of prepaid commission which pertains to the cost to obtain a contract as required by PFRS 15 follows:

	2020	2019
Balance at beginning of year	₱258,457,489	₱233,588,994
Additions	53,012,712	127,101,183
Amortization	(46,172,612)	(102,232,688)
Balance at end of year	₱265,297,589	₱258,457,489

Additions in 2020 and 2019 of ₱53.01 million and ₱127.10 million, respectively, constitute significant noncash transactions in the consolidated statements of cash flows. This represents the capitalized portion of the commission that will be incurred and amortized using the POC method.

Deposits on real estate properties represent the Group's advance payments to real estate property owners for the acquisition. In 2020, the deposits on real estate properties recorded under current assets have been refunded to the Group as a result of the cancellation of the purchase agreement.

Allowance for impairment of other deposits amounted to ₱2.10 million as at December 31, 2020 and 2019. No additional allowance was provided in 2020.

8. Property and Equipment

	2020						
	Hotel Property	Leasehold Improvements	Office Equipment	Furniture and Fixtures	Transportation Equipment	Right- of- Use Assets (Building)	Total
Cost							
At January 1	₱2,013,592,542	₱38,652,190	₱63,063,573	₱50,639,964	₱113,047,756	₱43,632,448	₱2,322,628,473
Additions	581,444,094	1,791,607	5,618,343	1,798,849	6,404,036	94,351,938	691,408,867
At December 31	2,595,036,636	40,443,797	68,681,916	52,438,813	119,451,792	137,984,386	3,014,037,340
Accumulated Depreciation and Amortization							
At January 1	–	38,554,642	39,527,757	46,108,248	67,282,215	33,935,691	225,408,553
Depreciation and amortization (Note 16)	–	208,836	14,374,139	3,249,614	15,855,703	34,766,187	68,454,479
At December 31	–	38,763,478	53,901,896	49,357,862	83,137,918	68,701,878	293,863,032
Net Book Value	₱2,595,036,636	₱1,680,319	₱14,780,020	₱3,080,951	₱36,313,874	₱69,282,508	₱2,720,174,308



2019							
	Hotel Property	Leasehold Improvements	Office Equipment	Furniture and Fixtures	Transportation Equipment	Right-of- Use Assets (Building)	Total
Cost							
At January 1	₱1,157,955,809	₱38,652,190	₱38,223,800	₱47,202,254	₱77,699,364	₱43,632,448	₱1,403,365,865
Additions	855,636,733	–	24,839,773	3,437,710	35,348,392	–	919,262,608
At December 31	2,013,592,542	38,652,190	63,063,573	50,639,964	113,047,756	43,632,448	2,322,628,473
Accumulated Depreciation and Amortization							
At January 1	–	37,926,364	33,429,863	42,127,481	58,502,435	–	171,986,143
Depreciation and amortization (Note 16)	–	628,278	6,097,894	3,980,767	8,779,780	33,935,691	53,422,410
At December 31	–	38,554,642	39,527,757	46,108,248	67,282,215	33,935,691	225,408,553
Net Book Value	₱2,013,592,542	₱97,548	₱23,535,816	₱4,531,716	₱45,765,541	₱9,696,757	₱2,097,219,920

The Group's hotel property pertains to the land and ongoing construction costs of Admiral Hotel. Borrowings were used to finance the Group's ongoing construction of hotel property. The related borrowing costs were capitalized as part of property and equipment. The capitalization rate used to determine the borrowings eligible for capitalization ranges from 5.25% to 8.37% in 2020 and 5.25% to 8.37% in 2019. Total borrowing cost capitalized as part of hotel property amounted to ₱111.55 million and ₱99.62 million for the years ended December 31, 2020 and 2019, respectively (see Note 12).

As of December 31, 2020 and 2019, capital commitments for hotel property amounted to ₱326.27 million and ₱722.72 million, respectively.

The Group's hotel property amounting to ₱2,595.04 million and ₱2,013.59 million as of December 31, 2020 and 2019 is held as collateral to secure the Group's bank loans (see Note 12).

The Group's transportation equipment with a carrying value of ₱16.57 million and ₱28.02 million as of December 31, 2020 and 2019, respectively, were constituted as collateral under chattel mortgage to secure the Group's vehicle financing arrangement with various financial institutions (see Note 12).

9. Investment Properties

2020						
	Commercial Projects		Construction in Progress		Right-Of-Use Asset (Land)	Total
	Land	Building	Land	Building		
Cost						
At January 1	₱930,286,297	₱4,999,078,422	₱6,425,177,292	₱3,107,860,980	₱222,287,791	₱15,684,690,782
Additions (Note 11)	–	35,541,273	391,092,207	1,506,028,433	–	1,932,661,913
Transfers (Note 6)	6,939,978	368,603,616	(1,672,155,583)	(89,342,034)	–	(1,385,954,023)
At December 31	937,226,275	5,403,223,311	5,144,113,916	4,524,547,379	222,287,791	16,231,398,672
Accumulated Depreciation						
At January 1	–	778,172,732	–	–	12,762,935	790,935,667
Depreciation (Note 16)	–	206,275,012	–	–	12,762,935	219,037,947
At December 31	–	984,447,744	–	–	25,525,870	1,009,973,614
Net Book Value	₱937,226,275	₱4,418,775,567	₱5,144,113,916	₱4,524,547,379	₱196,761,921	₱15,221,425,058



2019						
	Commercial Projects		Construction in Progress		Right-Of-Use Asset (Land)	Total
	Land	Building	Land	Building		
Cost						
At January 1	₱930,286,297	₱4,596,279,347	₱3,422,057,351	₱1,503,212,049	₱222,287,791	₱10,674,122,835
Additions	—	380,891,569	3,003,119,941	1,604,648,931	—	4,988,660,441
Transfer (Note 6)	—	21,907,506	—	—	—	21,907,506
At December 31	930,286,297	4,999,078,422	6,425,177,292	3,107,860,980	222,287,791	15,684,690,782
Accumulated Depreciation and Amortization						
At January 1	—	591,203,083	—	—	—	591,203,083
Depreciation and amortization (Note 16)	—	186,969,649	—	—	12,762,935	199,732,584
At December 31	—	778,172,732	—	—	12,762,935	790,935,667
Net Book Value	₱930,286,297	₱4,220,905,690	₱6,425,177,292	₱3,107,860,980	₱209,524,856	₱14,893,755,115

Commercial projects pertain to the Group's completed commercial projects, namely One Shopping Center, Two Shopping Center, One Logistics Center and One Soler, and the commercial units of the Group's completed condominium projects. Construction in progress comprises ongoing construction of the commercial development in Aseana Bay City and Parañaque City (see Note 22) and parcels of land for future development.

Transfers in 2020 amounting to ₱1,385.95 million pertains to the commercial areas of Monarch Parksuites and parcels of land intended to be developed as real estate property for sale, while transfer in 2019 amounting to ₱21.91 million pertains to the cost of commercial areas of Princeview and Anchorsky commercial storage (see Note 6). These constitute significant noncash transactions in the consolidated statements of cash flows.

Borrowings were used to finance the Group's ongoing construction of investment properties. The related borrowing costs were capitalized as part of investment properties.

The capitalization rate used to determine the borrowings eligible for capitalization ranges from 4.25% to 7.89% in 2020 and 4.50% to 7.89% in 2019. Total borrowing cost capitalized as part of investment properties amounted to ₱458.15 million and ₱482.15 million for the years ended December 31, 2020 and 2019, respectively (see Note 12).

For the years ended December 31, 2020, 2019 and 2018, rental income from these investment properties amounted to ₱1,022.47 million, ₱782.99 million and ₱604.76 million, respectively (see Note 22). Depreciation charged to operations for the years ended December 31, 2020, 2019 and 2018 amounted to ₱219.04 million, ₱199.73 million and ₱144.78 million, respectively (see Note 16). Selling and administrative expenses, exclusive of depreciation, related to these investment properties amounted to ₱202.27 million, ₱197.54 million and ₱163.79 million for the years ended December 31, 2020, 2019 and 2018, respectively.

The aggregate fair value of investment properties amounted to ₱26,906.65 million and ₱22,888.50 million as of December 31, 2020 and 2019, respectively, which were determined based on valuations performed by independent qualified appraisers. The appraisers are industry specialists in valuing these types of properties. The value was estimated by using a combination of the Market Approach, a comparative approach to value that considers the sale of similar or substitute properties and related market data, and Cost Approach, an approach that provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence. Under the Market Approach, a higher estimated price per square meter of the subject property would yield higher fair value. The fair



value measurement for the Group's investment properties has been categorized as Level 3 based on the inputs to the valuation techniques used.

As of December 31, 2020 and 2019, capital commitments for investment properties amounted to ₱902.12 million and ₱2,826.89 million, respectively.

As of December 31, 2020, and 2019, the carrying amount of investment properties used to secure the Group's bank loans amounted to ₱10,053.83 million and ₱8,715.51 million, respectively (see Note 12).

10. Other Noncurrent Assets

	2020	2019
Advances to contractors and suppliers	₱812,280,035	₱337,784,150
Prepaid expenses (Note 7)	131,417,762	83,451,971
Utility and security deposits – net of allowance	93,826,487	76,160,709
Deposits on real estate properties	77,390,800	57,608,575
Input VAT	57,827,555	65,428,124
Construction bond deposits	20,039,919	20,039,919
Software and brand development costs	8,184,278	7,895,697
	₱1,200,966,836	₱648,369,145

Advances to contractors and suppliers represent advances and down payments for the construction of investment properties and property and equipment that are recouped every progress billing payment depending on the percentage of accomplishment.

Prepaid expenses pertain to the noncurrent portion of costs to obtain contracts, i.e. commission that is related to the real estate sales. As disclosed in Note 7, this represents the capitalized portion of the commission that will be incurred and amortized using the POC method. This constitutes significant noncash transactions in the consolidated statements of cash flows in 2020 and 2019.

Deposits on real estate properties represent the noncurrent portion of the Group's advance payments to real estate property owners for the future acquisition and will be recovered upon consummation of the transaction.

Utility and security deposits pertain to the initial set-up of services rendered by public utility companies and other various long-term deposits necessary for the construction and development of real estate projects.

Construction bond deposits pertain to the bond for the Group's ongoing project developments.

Software costs pertains to the capitalizable cost incurred in the design and implementation of a system. Brand development costs, on the other hand, pertains to the marketing designs that binds the identity of the group of hotels. Amortization of software and brand development cost amounted to ₱4.54 million and ₱0.91 million in 2020 and 2019, respectively.

Allowance for impairment of deposits amounted to ₱6.25 million as at December 31, 2020 and 2019. No additional allowance for impairment was provided for during 2020.



11. Accounts and Other Payables

	2020	2019
Payable to contractors and suppliers	₱1,334,071,926	₱1,006,297,954
Retention payable	962,058,447	904,131,766
Accrued expenses		
Accrued commission	581,392,231	515,029,816
Accrued interest expense	100,396,724	64,174,009
Rental deposit	530,828,417	825,573,430
Other taxes payable	243,437,232	227,875,598
Liabilities for purchased land (Note 6)	30,420,000	30,420,000
Others	121,018,588	88,958,937
	3,903,623,565	3,662,461,510
Less noncurrent portion of:		
Retention payable	709,257,245	785,977,783
Rental deposit	192,504,627	689,935,239
Accrued commission	131,417,762	83,451,971
Liabilities for purchased land	30,420,000	30,420,000
	1,063,599,634	1,589,784,993
	₱2,840,023,931	₱2,072,676,517

Payable to contractors and suppliers are attributable to construction costs incurred but not yet paid as of reporting date. These are noninterest-bearing and are normally settled within 30 to 120 days.

Retention payable pertains to the portion of contractors' progress billings which are withheld and will be released after the satisfactory completion of the contractors' work. The retention payable serves as a security from the contractor should there be defects in the project. These are noninterest-bearing and are normally settled upon completion of the relevant contract arrangements.

Accrued commission represents the commissions to be paid to the marketing agents in relation to the real estate sales. This includes capitalized portion of the commission which has been accrued in 2020 and 2019, respectively. This constitutes significant noncash transactions in the consolidated statements of cash flows in 2020 and 2019.

Accrued interest expense pertains to the incurred but unpaid interest which is normally settled within one to three months.

Rental deposit consists of security deposits on lease and utility deposit payable.

Other taxes payable consists of taxes withheld by the Group from employees, contractors and suppliers, which are payable within one year.

Others consist of non-trade payables and premium payable to SSS, Philhealth and Pag-ibig. These are normally settled within one year.



12. Loans Payable

	Terms	2020	2019
Short-term bank loans	Within 1 year	₱2,330,000,000	₱2,490,000,000
Long-term loans:			
Bank loans	3 to 10 years	15,668,050,417	14,497,719,854
Receivable financing	1 to 6 years	1,297,337,510	865,325,331
Notes payable	3 to 5 years	15,259,576	20,952,911
		19,310,647,503	17,873,998,096
Less current portion		5,198,865,013	4,056,442,393
		₱14,111,782,490	₱13,817,555,703

Short-term Bank Loans

Short-term bank loans represent various secured promissory notes from local banks with annual interest rates ranging from 4.25% to 5.00% in 2020 and 5.00% to 8.25% in 2019. These loans are payable within one month to one year from date of issuance.

These loans were secured with various investment properties owned by the Group which are located in Pasay City and Binondo, Manila. The aggregate carrying amount of these properties used as collateral amounted to ₱542.92 million and ₱558.46 million as of December 31, 2020 and 2019, respectively (see Note 9).

Interest expense on short-term loans amounted to ₱94.45 million, ₱148.03 million and ₱112.91 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Long-term Loans

Long-term bank loans

In December 2020, PPDC secured a five-year loan facility amounting to ₱1,100.00 million. This loan facility has fixed interest rate of 5% per annum. There is no outstanding loan balance under this facility as of December 31, 2020.

In December 2020, PPDC secured a five-year loan facility amounting to ₱1,500.00 million available for single drawdown. This loan facility has a floating interest rate. There is no outstanding loan balance under this facility as of December 31, 2020.

In July 2020, GRIC secured a five-year loan facility from a local bank amounting to ₱450.00 million. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to ₱450.00 million as at December 31, 2020 with 4.25% interest rate per annum.

In June 2019, GRIC secured a seven-year loan facility from a local bank amounting to ₱1,150.00 million. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to ₱590.00 million and ₱510.00 million as at December 31, 2020 and December 31, 2019 with interest rates ranging from 6.65% to 7.07% and 7.07% to 7.58% rate per annum, respectively.

In April 2019, GRIC secured a five-year loan facility from a local bank amounting to ₱1,040.00 million. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to ₱560.00 million and ₱460.00 million as at December 31, 2020 and December 31, 2019 respectively, with interest rates ranging from 6.25% to 6.86% per annum.



In February 2019, APC secured a six-year loan facility from a local bank amounting to ₱1,970.00 million. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to ₱920.00 million and ₱570.00 million as at December 31, 2020 and December 31, 2019 with interest rates ranging from 5.95% to 7.79% and 6.02% to 7.79% per annum, respectively.

In December 2018, APC secured APC secured five-year and six-year loan facilities from a local bank amounting to ₱4,665.00 million. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to ₱765.00 million as at December 31, 2020 and December 31, 2019 with 8.37% interest rate per annum.

In December 2018, GRIC secured three-year and five-year loan facilities from a local bank amounting to ₱1,620.00 million. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to ₱139.00 million and ₱220.00 million as at December 31, 2020 and December 31, 2019 with 8.28% interest rate per annum.

In December 2018, GRIC secured a five-year loan facility from a local bank amounting to ₱1,080.00 million. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to ₱170.00 million as at December 31, 2020 and December 31, 2019 with 8.33% interest rate per annum.

In December 2017, PPDC secured a seven-year loan facility from a local bank amounting to ₱3,700.00 million. The facility is available in multiple drawdowns. The outstanding balance of loan under this facility amounted to ₱1,654.05 million and ₱1,700.00 million as at December 31, 2020 and December 31, 2019 with 6.02% to 6.06% and 6.73% to 7.01% interest rate per annum, respectively.

In December 2017, BEIC secured a seven-year loan facility from a local bank amounting to ₱450.00 million with 6.00% interest rate per annum. The outstanding balance of loan under this facility amounted to ₱441.00 million and ₱445.50 million as at December 31, 2020 and December 31, 2019, respectively.

In December 2015, PPDC secured a 10-year loan facility from a local bank amounting to ₱4,100.00 million. The facility is available in multiple drawdowns with interest rates of 5.50% per annum for the first five years and 5.75% per annum thereafter. The outstanding balance of loan under this facility amounted to ₱4,100.00 million as at December 31, 2020 and December 31, 2019.

In September 2015, ARCI secured several term loan facilities from a local bank with aggregate amount of ₱890.00 million. The facilities are available in multiple drawdowns with interest rates ranging from 4.50% to 6.49% per annum. The outstanding balance of loans under these facilities amounted to ₱180.00 million and ₱221.60 million as at December 31, 2020 and December 31, 2019, respectively.

In September 2015, GRIC secured a six-year loan facility from a local bank amounting to ₱4,100.00 million. In December 2020, the loan facility has been extended for another two years until December 20, 2023. The facility is available in multiple drawdowns with interest rates from 5.25% to 6.50% per annum. The outstanding balance of loan under this facility amounted to ₱3,370.00 million and ₱2,480.00 million at December 31, 2020 and December 31, 2019, respectively.

In December 2014, PPDC secured a seven-year loan facility from a local bank amounting to ₱500.00 million. The facility is available in multiple drawdowns with 6.00% interest rate per annum. The outstanding balance of loans under this facility amounted to ₱475.00 million and ₱480.00 million as at December 31, 2020 and December 31, 2019, respectively.



In March 2014, PPDC secured a seven-year loan facility from a local bank amounting to ₱4,100.00 million. The facility is available in multiple drawdowns with interest rates ranging from 4.50% to 7.07% per annum. Partial principal payments are scheduled annually which commenced in 2015 up to 2018 with the remaining balance to be paid upon maturity. As at December 31, 2020 and December 31, 2019, the outstanding balance of loans under this facility amounted to ₱1,000.00 million.

In December 2013, PPDC secured a seven-year loan facility from a local bank amounting to ₱500.00 million. The facility is available in multiple drawdowns with 6.00% interest rate per annum. Principal repayment at the end of the second year from initial drawdown date and every year thereafter shall be 1.00% of the drawdown amount, with the remaining balance to be paid upon maturity. As at December 31, 2020 and 2019, the outstanding balance of loans under this facility amounted to nil and ₱475.00 million, respectively.

In January 2013, PPDC secured a 10-year loan facility from a local bank amounting to ₱1,200.00 million. The facility is available in multiple drawdowns with interest rates of 7.07% per annum for the first five years and 7.89% per annum thereafter. Quarterly principal repayments up to three years shall be 0.75% of the drawdown amount with the remaining balance to be paid upon maturity. As at December 31, 2020 and December 31, 2019, the outstanding balance of loans under this facility amounted to ₱937.13 million.

Unamortized issuance costs deducted from the above-mentioned long-term bank loans as at December 31, 2020 and December 31, 2019 amounted to ₱83.13 million and ₱72.51 million, respectively.

The rollforward analyses of unamortized debt discount and issuance costs on long-term bank loans as at December 31, 2020 and December 31, 2019 follow:

	2020	2019
Balance at beginning of year	₱72,505,145	₱69,622,497
Additions	39,600,000	27,613,136
Amortization	(28,976,463)	(24,730,488)
Balance at end of year	₱83,128,682	₱72,505,145

These term loans were secured with various land and buildings owned by the Group which are located in Roxas Boulevard, Pasay City, Binondo, Manila and Parañaque City, recorded under real estate for development and sale, property and equipment and investment properties. As at December 31, 2020 and December 31, 2019, these properties have an aggregate carrying value amounting to ₱17,504.73 million and ₱14,913.98 million, respectively (see Notes 6, 8 and 9).

Receivable financing

The loans payable on receivable financing as discussed in Note 5 arises from installment contracts receivable sold by the Group to various local banks with a total carrying amount of ₱1,297.34 million and ₱865.33 million as at December 31, 2020 and December 31, 2019, respectively. These loans bear fixed interest rates ranging from 4.75% to 6.25% in 2020 and 4.35% to 8.00% 2019, payable on equal monthly installments for a period of 1 to 6 years depending on the terms of the installment contracts receivable.



Notes payable

Notes payable represents the car loans availed by the Group for its employees. Annual interest rates ranged from 3.90% to 4.70% in 2020 and 2019. The Group's transportation equipment with a carrying value of ₱16.57 million and ₱28.02 million as at December 31, 2020 and December 31, 2019, respectively, are held as collateral to secure the Group's notes payable (see Note 8). Interest expense recognized under "Finance costs" amounted to ₱1.38 million and ₱0.91 million for the years ended December 31, 2020 and 2019, respectively.

Borrowing costs

Total borrowing costs arising from loans payable amounted to ₱1,213.17 million, ₱1,088.23 million and ₱851.65 million for the years ended December 31, 2020, 2019 and 2018, respectively. Total borrowing costs capitalized under real estate for development and sale, property and equipment and investment properties amounted to ₱1,187.34 million, ₱1,063.26 million and ₱818.72 million for the years ended December 31, 2020, 2019, respectively (see Notes 6, 8 and 9). Borrowing costs recognized in profit or loss under "Finance costs" in the consolidated statements of comprehensive income amounted to ₱25.83 million, ₱24.97 million and ₱32.93 million for the years ended December 31, 2020, 2019 and 2018, respectively.

13. Customers' Advances and Deposits

	2020	2019
Deposits from real estate buyers	₱2,816,704,219	₱2,337,519,184
Deposits from lessees	667,980,133	836,635,433
	3,484,684,352	3,174,154,617
Less noncurrent portion of deposits from lessees	364,759,905	412,396,680
	₱3,119,924,447	₱2,761,757,937

Deposits from real estate buyers

Collections from buyers are initially recognized as customers' deposits until all the relevant conditions for a sale to be recognized are met. The Group's customers' deposits will be applied to the related receivables once the related revenue is recognized.

Deposits from lessees

The Group requires its tenants to pay leasehold rights pertaining to the right to use the leased unit. Deposits from lessees include advance collections pertaining to the lease of commercial units of the Group. Advance collections are equivalent to one to three months rental payment of tenants. These will be applied to rentals depending on the contract terms of the related lease contract. Upon commencement of the lease, these payments are recognized in the consolidated statements of comprehensive income as rental income on a straight-line basis over the lease term. The rental income on amortization of unearned rental income amounted to ₱74.28 million, ₱74.10 million and ₱72.32 million for the years ended December 31, 2020, 2019 and 2018, respectively.



14. Related Party Transactions

The Parent Company, in its regular conduct of business, has entered into transactions with its subsidiaries principally consisting of advances and reimbursement of expenses, development, management, marketing, leasing and administrative service agreements. Outstanding balances between companies within the Group are unsecured, interest-free and settlement occurs in cash. Related party transactions (RPT) and balances were eliminated in the consolidated financial statements.

Enterprises and individuals that directly or indirectly, through one or more intermediaries, control or are controlled by or under common control, with the Group, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Parent Company and close members of the family of these individuals, and companies associated with these individuals, also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely to the legal form.

The Parent Company has an approval requirement such that material related party transaction (RPT) shall be reviewed by the Risk Management Committee (the Committee) and endorsed to the BOD for approval. Material RPTs are those transactions that meet the threshold value as approved by the Committee amounting to 10% or higher of the Group's total consolidated assets based on its latest audited financial statements.

Key management compensation

The key management personnel of the Group include all directors, executives and senior management. Compensation and benefits of key management personnel for the years ended December 31, 2020, 2019 and 2018 follow:

	2020	2019	2018
Short-term employee benefits	₱65,708,608	₱58,818,919	₱51,348,772
Post-employment benefits	9,531,443	2,924,516	6,714,278
	₱75,240,051	₱61,743,435	₱58,063,050

15. Interest and Other Income

	2020	2019	2018
Interest income from:			
Accretion of unamortized discount on installment contracts receivable (Note 5)	₱534,019,221	₱630,356,007	₱315,410,541
Cash and cash equivalents (Note 4)	3,691,583	5,408,962	1,826,167
Other income	181,900,291	19,373,897	75,332,159
	₱719,611,095	₱655,138,866	₱392,568,867

Other income includes income from forfeitures from cancelled sales and leases, as well as penalties and other surcharges billed against defaulted installment contracts receivable, among others. Income



from forfeitures mainly arises from cancellation of nonrefundable reservation fees, amortization payments, deposits and advance rentals net of recovered costs and the balances of buyers and tenants. Other income mainly pertains to forfeitures from cancelled sales and leases amounting to ₱103.09 million, ₱12.44 million, and ₱11.14 million in 2020, 2019, and 2018, respectively.

Other income also includes administrative fees and expenses charged on account of the agents, service fees and other items considered as not material.

16. Cost and Expenses

Cost of real estate sales

Cost includes acquisition cost of land, construction costs and capitalized borrowing costs. Cost of real estate sales recognized for the years ended December 31, 2020, 2019 and 2018 amounted to ₱2,247.86 million, ₱3,732.57 million and ₱4,220.27 million, respectively.

Selling and administrative expenses

	2020	2019	2018
Salaries, wages and employee benefits (Notes 14 and 17)	₱334,773,392	₱300,398,402	₱248,098,355
Depreciation and amortization (Notes 8, 9 and 10)	292,032,970	254,063,912	159,530,396
Taxes and licenses	147,712,735	184,109,653	136,146,994
Utilities	117,110,942	125,000,561	113,844,647
Sales and marketing	77,068,480	282,829,454	270,608,897
Professional fees	20,272,572	25,652,663	18,540,581
Office and other supplies	15,214,775	10,448,109	13,040,214
Membership dues	14,398,737	22,699,914	30,727,148
Rental (Note 22)	6,696,142	11,186,609	51,381,947
Representation and entertainment	5,743,739	15,214,158	14,038,250
Donations and contributions	5,200,000	3,344,000	4,282,000
Insurance	4,753,678	8,536,231	10,310,113
Transportation and travel	3,593,653	3,509,548	8,683,526
Others	43,319,196	5,177,213	56,809,288
	₱1,087,891,011	₱1,252,170,427	₱1,136,042,356

17. Pension Plan

The Group has an unfunded, noncontributory defined benefit plan covering all of its regular employees. The benefits are based on the projected retirement benefit of 22.5 days pay per year of service in accordance with RA No. 7641, *Retirement Pay Law*. An independent actuary, using the projected unit credit method, conducts an actuarial valuation of the retirement benefit obligation.



The components of the Group's pension costs (included in "Salaries, wages and employee benefits" under "Selling and administrative expenses" and in "Finance costs") follow:

	2020	2019
Current service cost	₱19,065,767	₱13,410,004
Interest cost on benefit obligation	5,692,533	5,101,269
Settlement gain on curtailment	(725,958)	—
	₱24,032,342	₱18,511,273

Movements in the present value of defined benefit obligations (DBO) as of December 31, 2020 and 2019 follow:

	2020	2019
Balance at beginning of year	₱104,652,471	₱66,294,659
Net benefit cost in profit or loss		
Current service cost	19,065,767	13,410,004
Interest cost	5,692,533	5,101,269
Settlement gain curtailment	(725,958)	—
	24,032,342	18,511,273
Remeasurements in OCI		
Actuarial changes arising from changes in financial assumptions	(56,778,091)	29,599,268
Actuarial changes arising from experience adjustments	6,732,302	(9,451,330)
	(50,045,789)	20,147,938
Benefits paid	(3,921,113)	(301,399)
Balance at end of year	₱74,717,911	₱104,652,471

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

	2020	2019
Discount rate	4.46% to 5.03%	5.20% to 5.54%
Salary increase rate	5.00%	10.00%

There were no changes from the previous period in the methods and assumptions used in preparing sensitivity analysis.

The average duration of the DBO as of the reporting date is 15.90 to 16.70 years in 2020 and 11.50 to 21.60 years in 2019.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the reporting date, assuming all other assumptions are held constant. It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which changes other than those assumed may be deemed to be more reasonable.



		Increase (Decrease) in DBO	
	Increase (decrease)	2020	2019
Discount rates	+150 basis points	(P13,559,114)	(P21,852,895)
	-150 basis points	17,884,040	29,810,559
Future salary increases	+150 basis points	17,491,839	27,961,726
	-150 basis points	(13,669,272)	(21,338,536)

The maturity analysis of the undiscounted benefit payments follows:

	2020	2019
Less than 1 year	P2,006,948	P1,930,643
More than 1 year to 2 years	2,054,599	860,616
More than 2 years to 4 years	1,292,891	2,273,396
More than 4 years	56,358,248	34,875,827

18. Income Tax

	2020	2019	2018
Current:			
RCIT	P199,019,672	P545,406,360	P266,890,714
MCIT	2,192,474	—	819,429
Final	729,015	1,075,430	360,493
	201,941,161	546,481,790	268,070,636
Deferred	(43,468,937)	(193,095,656)	37,058,465
	P158,472,224	P353,386,134	P305,129,101

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

Details of NOLCO that can be claimed as deduction from future taxable profit and MCIT that can be claimed as tax credits against income tax liabilities follow:

<u>NOLCO</u>				
Year Incurred	Amount	Used/Expired	Balance	Expiry Year
2017	P24,770,433	P24,770,433	P—	2020
2018	25,317,633	22,079,763	3,237,870	2021
2019	77,304,950	43,605,074	33,699,876	2022
2020	79,417,544	—	79,417,544	2025
	P206,810,560	P90,455,270	P116,355,290	

<u>MCIT</u>				
Year Incurred	Amount	Used/Expired	Balance	Expiry Year
2018	P819,429	P819,429	P—	2021
2020	2,192,474	—	2,192,474	2023
	P3,011,903	P819,429	P2,192,474	



Net deferred tax assets of the Group as of December 31, 2020 and 2019 follow:

	2020	2019
Deferred tax assets on:		
Pension liabilities recognized in profit or loss	₱38,606,402	₱32,632,444
Lease liability	91,846,191	77,449,112
NOLCO	33,836,705	36,987,666
Difference between tax and book basis of accounting for real estate and leasing transactions	16,262,429	6,906,105
Unamortized discount on installment contracts receivable	1,308,464	2,256,224
Allowance on impairment losses	7,721,704	7,721,704
Commissions expense per books in excess of actual commissions paid	79,872	—
MCIT	54,098	—
	₱189,715,865	₱163,953,255
Deferred tax liabilities on:		
Right-of-use assets	84,812,011	64,583,363
Difference between tax and book basis of accounting for real estate and leasing transactions	2,391,387	21,683,195
Pension liabilities recognized in OCI	16,191,028	1,146,283
Actual commissions paid in excess of commissions expense per books	—	327,016
	103,394,426	87,739,857
	₱86,321,439	₱76,213,398

Net deferred tax liabilities of the Group as of December 31, 2020 and 2019 follow:

	2020	2019
Deferred tax asset on:		
Unamortized discount on installment contracts receivable	₱264,520,872	₱310,642,149
Lease liability	3,860,351	529,289
Difference between tax and book basis of accounting for real estate and leasing transactions	128,066,298	152,128,150
Commissions expense per books in excess of actual commissions paid	3,686,727	10,657,904
Nondeductible expenses	34,805,330	33,978,856
MCIT	—	819,429
	₱434,939,578	₱508,755,777
Deferred tax liabilities on:		
Difference between tax and book basis of accounting for real estate and leasing transactions	₱556,539,585	₱659,240,277
Right-of-use assets	4,521,551	1,183,121
Unamortized discount on loans payable	15,244,703	9,003,177
Actual commissions paid in excess of commissions expense per books	7,544,077	6,586,697
	583,849,916	676,013,272
	₱148,910,338	₱167,257,495



The Group has deductible temporary differences for which deferred tax assets have not been recognized since management assessed that no sufficient taxable income is available in the future to allow all or part of deferred tax assets on certain temporary differences to be realized and/or utilized.

NOLCO for which no deferred tax assets were recognized amounted to ₱3.57 million and ₱3.45 million as at December 31, 2020 and 2019, respectively. The Group's unrecognized deferred tax assets on NOLCO amounted to ₱1.07 million and ₱1.04 million as at December 31, 2020 and 2019, respectively.

Statutory reconciliation

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

	2020	2019
Statutory income tax rate	30.00%	30.00%
Tax effect of:		
Nondeductible expenses	0.06	0.13
Changes in unrecognized deferred tax assets	3.12	—
Interest income subject to final tax	(0.07)	(0.05)
Others	(2.03)	0.18
Effective income tax rate	31.08%	30.26%

19. Equity

Capital Stock

The details of the Parent Company's capital stock which consists of common and preferred shares follow:

Common shares

Details of the Parent Company's common shares as of December 31, 2020 and 2019 follow:

Authorized shares	3,500,000,000
Par value per share	₱1.00
Issued and outstanding shares	1,040,001,000

On August 8, 2007, the Parent Company launched its Initial Public Offering where a total of 86,667,000 common shares were offered at an offering price of ₱8.93 per share. The registration statement was approved on July 30, 2007. The Parent Company has 100 and 99 existing shareholders as of December 31, 2020 and 2019, respectively.

On November 8, 2013, the Philippine SEC approved the increase in the Parent Company's capital stock by increasing common stock from ₱2.30 billion divided into 2.30 billion shares with par value of ₱1.00 each to ₱3.50 billion divided into 3.50 billion shares with par value of ₱1.00 each.

Preferred shares

The preferred shares are voting, nonparticipating, nonredeemable and are entitled to 8% cumulative dividends. Details of the Parent Company's preferred shares as at December 31, 2020 and 2019 follow:

Authorized shares	1,300,000,000
Par value per share	₱1.00
Issued and outstanding shares	346,667,000



Cash Dividends

On April 7, 2021, Parent Company's BOD approved the declaration of cash dividends as follows:

- For preferred shares - 8% dividends per issued and outstanding preferred share; and
- For common shares - ₱0.02 per issued and outstanding common share.

The record date is May 27, 2021 and payment date is on June 17, 2021.

On June 18, 2020, Parent Company's BOD declared cash dividends as follows:

- For preferred shares - 8% dividends per issued and outstanding preferred share; and
- For common shares - ₱0.09 per issued and outstanding common share.

The record date is August 20, 2020 and dividends amounting to ₱121.33 million were paid on September 10, 2020.

On April 3, 2019, Parent Company's BOD declared cash dividends as follows:

- For preferred shares - 8% dividends per issued and outstanding preferred share; and
- For common shares - ₱0.08 per issued and outstanding common share.

The record date is June 5, 2019 and dividends amounting to ₱110.93 million were paid on June 20, 2019.

On May 3, 2018, Parent Company's BOD declared cash dividends as follows:

- For preferred shares - 8% dividends per issued and outstanding preferred share; and
- For common shares - ₱0.07 per issued and outstanding common share.

The record date is May 22, 2018 and dividends amounting to ₱100.53 million were paid on June 20, 2019.

Retained Earnings

The Parent Company's retained earnings available for dividend distribution amounted to ₱1,558.66 million and ₱1,179.94 million as of December 31, 2020 and 2019, respectively. The undistributed earnings from subsidiaries amounting to ₱58.64 million and ₱421.81 million as of December 31, 2020 and 2019, respectively, is not available for dividend distribution until actually declared by the subsidiaries.

Under the Tax Code, publicly-held Corporations are allowed to accumulate retained earnings in excess of capital stock and are exempt from improperly accumulated earnings tax.

On November 26, 2020, ₱100.00 million out of ₱400.00 million appropriated retained earnings for Cosmo Suites was released and the remaining ₱300.00 million was extended on or before December 31, 2026.

On December 10, 2020, ₱300.00 million and ₱100.00 million appropriated retained earnings for 202 Peaklane and 8 Alonzo, respectively were extended for release on or before December 31, 2024.



On December 10, 2019, retained earnings amounting to ₱650.00 million, ₱300.00 million, ₱200.00 million, ₱150.00 million and ₱70.00 million were appropriated for the project development of the acquired land along Roxas Boulevard, Copeton Baysuites, Cornell Parksuites, One Financial Center and One Legacy projects, respectively. These appropriations are expected to be released on December 31, 2023, 2025 and 2026. Appropriated retained earnings for the development of Admiral Hotel working capital amounting to ₱200.00 million and the ₱1.90 million for IRI were released from appropriation in 2019. Extension of release of the 2018, 2016 and 2015 retained earnings amounting to ₱1,200.00 million, ₱750.00 million and ₱450.00 million for Copeton Baysuites and The Centrium (formerly ALHI Corporate Center), respectively, on or before December 31, 2023.

In 2018, retained earnings amounting to ₱100.00 million and ₱50.00 million were appropriated for the project development of hotel projects and 8 Alonzo project, respectively. These appropriations are expected to be released gradually until 2023. Appropriated retained earnings for the project development of Princeview Parksuites and for EAGI's working capital amounting to ₱68.00 million, and ₱8.25 million, respectively, were released from appropriation in 2018.

In 2017, retained earnings amounting to ₱1,200.00 million, ₱400.00 million, ₱68.00 million and ₱50.00 million were appropriated for the project development of The Centrium, Cosmo Suites, Princeview Parksuites and 8 Alonzo project, respectively. Furthermore, retained earnings amounting to ₱8.25 million and ₱2.40 million were appropriated for EAGI's working capital and for MPMC's future capital investments, respectively. These appropriations are expected to be released gradually until 2023. Appropriated retained earnings for the project development of Monarch Parksuites, Anchor Grandsuites and Oxford Parksuites amounting to ₱420.00 million, ₱400.00 million and ₱130.00 million, respectively, were released from appropriation in 2017. Further, the 2014 appropriation for Admiral Hotel amounting to ₱200.00 million was extended for release until 2019.

In 2016, retained earnings amounting to ₱750.00 million and ₱250.00 million were appropriated for the project development of The Centrium and 202 Peaklane, respectively. These appropriations are expected to be released gradually until 2020 and 2021, respectively. Appropriated retained earnings for the project development of Monarch Parksuites and Oxford Parksuites amounting to ₱300.00 million and ₱250.00 million, respectively, and for MPMC's future capital investments amounting to ₱6.50 million were also released from appropriation in 2016.

In 2015, retained earnings amounting to ₱450.00 million, ₱50.00 million and ₱1.50 million were appropriated for the project development of The Centrium, 202 Peaklane and for future capital investment of MPMC, respectively. These appropriations are expected to be released gradually until 2020. Appropriated retained earnings for the project development of Anchor Grandsuites amounting to ₱100.00 million was also released from appropriation in 2015.

In 2014, retained earnings amounting to ₱250.00 million, ₱200.00 million, ₱200.00 million and ₱5.00 million were appropriated for the project development of Monarch Parksuites, Oxford Parksuites and Admiral Hotel, and for MPMC's future capital investments, respectively. These appropriations were released gradually until 2017, except for Admiral Hotel.

On November 25, 2013, retained earnings amounting to ₱500.00 million, ₱470.00 million, and ₱30.00 million were appropriated for the project development of Anchor Grandsuites, Monarch Parksuites and Oxford Parksuites, respectively. These appropriations were gradually released up to 2017.

On December 12, 2012, retained earnings amounting to ₱150.00 million was appropriated for the project development of Oxford Parksuites and was released gradually up to 2017.



Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group establishes the appropriate capital structure for each business line that properly reflects its premier credit rating and allows it the financial flexibility, while providing it sufficient cushion to absorb cyclical industry risks.

The Group considers debt as a stable source of funding. The Group lengthened the maturity profile of its debt portfolio and makes it a point to spread out its debt maturities by not having a significant percentage of its total debt maturing in a single year.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The following table shows the components of what the Group considers its capital as at December 31, 2020 and 2019:

	2020	2019
Capital stock:		
Common stock	₱1,040,001,000	₱1,040,001,000
Preferred stock	346,667,000	346,667,000
Additional paid-in capital	632,687,284	632,687,284
Retained earnings	6,247,694,534	6,019,379,136
	₱8,267,049,818	₱8,038,734,420

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt includes accounts and other payables, interest-bearing loans and borrowings, and customers' advances and deposits, less cash and cash equivalents. Capital pertains to equity attributable to the equity holders of the parent, excluding OCI.

	2020	2019
Accounts and other payables	₱3,903,623,565	₱3,662,461,510
Lease liabilities	319,021,807	259,928,002
Loans payable	19,310,647,503	17,873,998,096
Customers' advances and deposits	3,484,684,352	3,174,154,617
	27,017,977,227	24,970,542,225
Less cash and cash equivalents	(1,375,280,379)	(1,189,078,934)
Net debt	25,642,696,848	23,781,463,291
Capital (excluding OCI)	8,267,049,818	8,038,734,420
Total capital and net debt	₱33,909,746,666	₱31,820,197,711
Gearing ratio	76%	75%

No changes were made in the Group's objectives, policies or processes during the years ended December 31, 2020 and 2019.



20. Financial Instruments

Fair Value Information

The carrying amounts of the Group's financial assets (i.e., cash and cash equivalents, due from condominium associations, other receivables, and deposits) and financial liabilities (i.e., accounts payable and other payable, loans payable except lease liability) approximate their fair values due to their short-term maturities and re-pricing features of the interest they carry except for the following financial asset and financial liabilities as at December 31, 2020 and 2019:

	2020		2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Asset				
Installment contracts receivable	₱4,633,662,911	₱6,356,735,073	₱5,997,416,832	₱7,147,130,940

Financial asset

The fair value of installment contracts receivable, which is based on the level 3 valuation technique is computed using discounted value of future cash flows using the prevailing interest rates for similar types of receivables as of the reporting date based on the remaining terms to maturity. The discount rates used ranged from 0.99% to 2.92% in 2020 and 3.12% to 3.39% in 2019 for installment contracts receivable.

Fair Value Hierarchy

The Group has no financial instruments carried at fair value as at December 31, 2020 and 2019.

There were no assets or liabilities whose fair value is disclosed using Level 1 and Level 2 valuation techniques.

There was no change in the valuation techniques used by the Group in determining the fair market value of the assets and liabilities.

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, receivables, deposits, accounts and other payables, and loans payable, which arise directly from operations. The main purpose of these financial instruments is to finance the Group's operations.

The significant risks arising from the Group's financial instruments are liquidity risk, credit risk and interest rate risk. The exposures to these risks and how they arise, as well as the Group's objectives, policies and processes for managing the risks and the methods used to measure the risks did not change from prior years.

The main objectives of the Group's financial risk management are as follows:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and,
- to provide a degree of certainty about costs.

The BOD reviews and agrees on policies for managing each of these risks.



Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either: the inability to sell financial assets quickly at their fair values; the counterparty failing on repayment of a contractual obligation; or the inability to generate cash inflows as anticipated.

The Group's objective is to maintain balance between continuity of funding and flexibility through the use of bank loans. The Group monitors its cash flow position, debt maturity profile and overall liquidity position in assessing its exposure to liquidity risk. The Group maintains a level of cash and cash equivalents deemed sufficient to finance its operations and to mitigate the effects of fluctuation in cash flows. Capital expenditures, operating expenses and working capital requirements are sufficiently funded through cash collections and bank loans. Accordingly, its financial liabilities, obligations and bank loans maturity profile are regularly reviewed to ensure availability of funding through an adequate amount of credit facilities with financial institutions. As at December 31, 2020 and 2019, the Group has undrawn facilities amounting ₱17.60 billion and ₱19.29 billion, respectively.

The tables below summarize the maturity profile of the Group's financial liabilities based on contractual undiscounted payments and the financial assets and contract assets to manage liquidity as at December 31, 2020 and 2019:

	2020			Total
	On Demand	Within 1 year	More than 1 year	
Financial Assets				
Cash and cash equivalents	₱1,362,807,391	₱12,472,988	₱—	₱1,375,280,379
Receivables:				
Installment contracts receivable*	—	6,363,967,993	7,734,256,996	14,098,224,989
Rental receivable	—	521,157,951	—	521,157,951
Due from condominium associations	—	29,118,594	—	29,118,594
Due from agents	—	29,602,135	—	29,602,135
Others**	—	110,097,541	—	110,097,541
Deposits	—	30,367,259	113,866,406	144,233,665
Total Financial Assets	₱1,362,807,391	₱7,096,784,461	₱7,848,123,402	₱16,307,715,254

*Includes future interest receivable

**Net of allowance for impairment losses

Financial Liabilities

Accounts and other payables:				
Payable to contractors and suppliers	₱—	₱1,334,071,926	₱—	₱1,334,071,926
Retention payable	—	252,801,202	709,257,245	962,058,447
Accrued expenses*	—	460,779,659	—	460,779,659
Rental security deposits	—	338,323,790	192,504,627	530,828,417
Others**	—	117,349,665	—	117,349,665
Lease liabilities***	—	54,924,829	436,790,311	491,715,140
Loans payable***	—	6,330,328,249	15,267,809,673	21,598,137,922
Total Financial Liabilities	₱—	₱8,888,579,320	₱16,606,361,856	₱25,494,941,176

*Excludes cost to obtain new contracts

**Others exclude statutory payables

***Includes future interest payment



	2019			
	On Demand	Within 1 year	More than 1 year	Total
Financial Assets				
Cash and cash equivalents	₱1,181,279,133	₱7,799,801	₱—	₱1,189,078,934
Receivables:				
Installment contracts receivable*	—	5,647,097,400	9,746,161,228	15,393,258,628
Rental receivable	—	224,438,779	—	224,438,779
Due from condominium associations	—	31,258,327	—	31,258,327
Due from agents	—	34,179,544	—	34,179,544
Others**	—	138,035,236	—	138,035,236
Deposits	—	30,878,997	96,200,628	127,079,625
Total Financial Assets	₱1,181,279,133	₱6,113,688,084	₱9,842,361,856	₱17,137,329,073

*Includes future interest receivable

**Others represents net of allowance for impairment loss

Financial Liabilities

Accounts and other payables:

Payable to contractors and suppliers	₱—	₱1,006,297,954	₱—	₱1,006,297,954
Retention payable	—	118,153,983	785,977,783	904,131,766
Accrued expenses*	—	344,967,108	—	344,967,108
Rental security deposits	—	135,638,191	689,935,239	825,573,430
Others**	—	86,987,768	—	86,987,768
Lease liabilities***	—	27,392,370	420,312,502	447,704,872
Loans payable***	—	5,163,800,181	16,579,257,714	21,743,057,895
Total Financial Liabilities	₱—	₱6,883,237,555	₱18,475,483,238	₱25,358,720,793

*Excludes cost to obtain new contracts

**Others exclude statutory payables

***Includes future interest payment

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 trades only with recognized, creditworthy third parties. The Group's receivables are monitored on an ongoing basis resulting to a manageable exposure to bad debts. Real estate buyers are subject to standard credit check procedures, which are calibrated based on the payment scheme offered. The Group's respective credit management unit conducts a credit investigation and evaluation of each buyer to establish creditworthiness.

Receivable balances are being monitored on a regular basis to ensure timely execution of necessary intervention efforts. In addition, the credit risk for real estate receivables is mitigated as the Group has the right to cancel the sales contract without need for any court action and take possession of the subject condominium units in case of refusal by the buyer to pay the due installment contracts receivable on time. This risk is further mitigated because the corresponding title to the condominium units sold under this arrangement is transferred to the buyers only upon full payment of the contract price.



As at December 31, 2020 and 2019, the Group's maximum exposure to credit risk without considering the effects of collaterals and other credit enhancements follows:

	2020	2019
Cash in banks and cash equivalents	₱1,369,767,984	₱1,183,538,541
Receivables and contract assets:		
Installment contracts receivable	4,633,662,911	5,997,416,832
Rental receivable	521,157,951	224,438,779
Due from condominium associations	29,118,594	31,258,327
Due from agents	29,602,135	34,179,544
Others	127,483,984	155,421,678
Deposits	144,233,665	127,079,624
	₱6,855,027,224	₱7,753,333,325

The subjected condominium units for sale are held as collateral for all installment contracts receivable. The maximum exposure to credit risk, before considering credit exposure, from the Group's installment contracts receivable amounted to ₱4,633.66 million and ₱5,997.42 million as at December 31, 2020 and 2019, respectively. The fair value of the related collaterals amounted to ₱24,104.12 million and ₱35,367.47 million as at December 31, 2020 and 2019, respectively resulting to zero net exposure amounts as of December 31, 2020 and 2019. The basis for the fair value of the collaterals is the current selling price of the condominium units.

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

As at December 31, 2020 and 2019, the credit quality per class of financial assets are as follows:

	2020					
	Neither Past Due nor Impaired		Substandard Grade	Past Due But Not Impaired	Individually Impaired	Total
	Grade A	Grade B				
Cash in banks and cash equivalents	₱1,369,767,984	₱—	₱—	₱—	₱—	₱1,369,767,984
Receivables:						
Installment contracts receivable	4,602,654,842	—	—	31,008,069	—	4,633,662,911
Rental receivable	505,571,253	—	—	15,586,698	—	521,157,951
Due from condominium associations	29,118,594	—	—	—	—	29,118,594
Due from agents	29,602,135	—	—	—	—	29,602,135
Others	110,097,541	—	—	—	17,386,443	127,483,984
Deposits	144,233,665	—	—	—	—	144,233,665
Total	₱6,791,042,014	₱—	₱—	₱46,594,767	₱17,386,443	₱6,855,027,224

	2019					
	Neither Past Due nor Impaired		Substandard Grade	Past Due But Not Impaired	Individually Impaired	Total
	Grade A	Grade B				
Cash in banks and cash equivalents	₱1,183,538,541	₱—	₱—	₱—	₱—	₱1,183,538,541
Receivables:						
Installment contracts receivable	5,991,895,920	—	—	5,520,912	—	5,997,416,832
Rental receivable	224,438,779	—	—	—	—	224,438,779
Due from condominium associations	31,258,327	—	—	—	—	31,258,327
Due from agents	34,179,544	—	—	—	—	34,179,544
Others	138,035,235	—	—	—	17,386,443	155,421,678
Deposits	127,079,624	—	—	—	—	127,079,624
Total	₱7,730,425,970	₱—	₱—	₱5,520,912	₱17,386,443	₱7,753,333,325



The credit quality of the financial assets and contract assets was determined as follows:

Cash in banks and cash equivalents are considered Grade A due to the counterparties' low probability of insolvency. The Group transacts only with institutions or banks which have demonstrated financial soundness for several years.

Grade A installment contracts receivable are considered to be of high value where the counterparties have a very remote likelihood of default and have consistently exhibited good paying habits.

Grade B accounts are active accounts with minimal to regular instances of payment default, due to collection issues. These accounts are typically not impaired as the counterparties generally respond to the Group's collection efforts 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. The Group assessed that there are no financial assets that will fall under this category as the Group transacts with recognized third parties.

Rental receivable, due from condominium associations, other receivables and deposits are considered as Grade A. The credit quality rating of Grade A pertains to receivables with no defaults in payment. The Group determines financial assets as impaired when the probability of recoverability is remote and in consideration of the lapse in the period which the asset is expected to be recovered. As at December 31, 2020 and 2019, the aging analysis of the Group's past due but not impaired installment contracts receivable and rental receivable follows:

	<30 days	30-60 days	61-90 days	>90 days	Total
2020					
Installment contracts receivable	₱5,036,636	₱3,025,970	₱3,080,582	₱19,864,881	₱31,008,069
Rental receivable	2,844,173	2,301,509	2,430,016	8,011,000	15,586,698
2019					
Installment contracts receivable	3,678,142	327,199	127,656	1,387,915	5,520,912

Interest rate risk

Interest rate risk is the risk that changes in the market interest rates will reduce the Group's current or future earnings and/or economic value. The Group's interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing debt obligations with floating interest rates or rates subject to repricing as it can cause a change in the amount of interest payments.

The table below demonstrates the sensitivity of the Group's profit before tax and equity to a reasonably possible change in interest rates on December 31, 2020 and 2019, with all variables held constant (through the impact on floating rate borrowings):

December 31, 2020

Change in basis points	Effect on income before income tax	
	Increase (decrease)	
	+ 100 basis points	-100 basis points
Floating rate borrowings*	(₱154.98)	₱154.98

*in millions



December 31, 2019

Change in basis points	Effect on income before income tax	
	Increase (decrease)	
	+ 100 basis points	-100 basis points
Floating rate borrowings*	(P137.75)	P137.75

*in millions

21. Segment Information

Business segment information is reported on the basis that is used internally for evaluating segment performance and deciding how to allocate resources among operating segments. Accordingly, the segment information is reported based on the nature of service the Group is providing.

As at December 31, 2020 and 2019, the Group considers the following as its reportable segments:

- Condominium sales - development of high-end condominium units for sale to third parties
- Leasing and hotel - development of hotel and, commercial units and shopping centers for lease to third parties
- Property management - facilities management and consultancy services covering condominium and building administration

The Chief Executive Officer (CEO) has been identified as the chief operating decision-maker (CODM). The CODM reviews the Group's internal reports in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Group does not report results based on geographical segments because the Group operates only in the Philippines.

The financial information about the operations of the reportable segments for the years ended December 31, 2020 and 2019 and 2018 follow:

	2020				Total
	Condominium Sales	Leasing and Hotel	Property Management	Intersegment Eliminating Adjustments	
REVENUE					
Real estate sales	P2,125,814,640	P-	P-	P-	P2,125,814,640
Rental income	-	1,022,465,244	-	-	1,022,465,244
Management fee	-	-	48,665,690	(17,718,851)	30,946,839
Interest and other income	434,925,007	281,966,676	2,719,412	-	719,611,095
	2,560,739,647	1,304,431,920	51,385,102	(17,718,851)	3,898,837,818
COSTS AND EXPENSES					
Cost of condominium units	2,247,861,019	-	-	-	2,247,861,019
Selling and administrative	629,132,077	431,651,305	44,826,480	(17,718,851)	1,087,891,011
	2,876,993,096	431,651,305	44,826,480	(17,718,851)	3,335,752,030
Earnings before interest and taxes	(316,253,449)	872,780,615	6,558,622	-	563,085,788
Finance costs	32,807,667	20,320,337	94,834	-	53,222,838
Income (loss) before tax	(P349,061,116)	P852,460,278	P6,463,788	P-	P509,862,950



2020					
	Condominium Sales	Leasing and Hotel	Property Management	Intersegment Eliminating Adjustments	Total
ASSETS					
Cash and cash equivalents	₱1,027,726,351	₱343,031,060	₱4,522,968	₱—	₱1,375,280,379
Receivables	4,797,696,122	521,157,951	10,544,529	—	5,329,398,602
Real estate for development and sale	7,780,358,358	—	—	—	7,780,358,358
Other current assets	256,943,159	1,661,286,926	39,709	—	1,918,269,794
Property and equipment	114,393,909	2,605,748,628	31,771	—	2,720,174,308
Investment properties	—	15,221,425,058	—	—	15,221,425,058
Other noncurrent assets	1,090,283,183	105,104,893	5,578,760	—	1,200,966,836
	₱15,067,401,082	₱20,457,754,516	₱20,717,737	₱—	₱35,545,873,335
LIABILITIES					
Accounts and other payables	₱2,268,982,097	₱1,375,147,561	₱16,056,675	₱—	₱3,660,186,333
Lease liabilities	12,867,836	306,153,971	—	—	319,021,807
Customers' advances and deposits	2,816,704,219	667,980,133	—	—	3,484,684,352
Loans payable	11,212,986,976	8,097,660,527	—	—	19,310,647,503
	₱16,311,541,128	₱10,446,942,192	₱16,056,675	₱—	₱26,774,539,995
2019					
	Condominium Sales	Leasing and Hotel	Property Management	Intersegment Eliminating Adjustments	Total
REVENUE					
Real estate sales	₱4,731,787,587	₱—	₱—	₱—	₱4,731,787,587
Rental income	—	782,989,213	—	—	782,989,213
Management fee	—	—	48,781,842	(15,628,506)	33,153,336
Interest and other income	643,317,973	10,009,285	1,811,608	—	655,138,866
	5,375,105,560	792,998,498	50,593,450	(15,628,506)	6,203,069,002
COSTS AND EXPENSES					
Cost of condominium units	3,732,573,320	—	—	—	3,732,573,320
Selling and administrative	868,439,541	354,148,410	45,210,982	(15,628,506)	1,252,170,427
	4,601,012,861	354,148,410	45,210,982	(15,628,506)	4,984,743,747
Earnings before interest and taxes	774,092,699	438,850,088	5,382,468	—	1,218,325,255
Finance costs	30,902,890	19,685,082	77,766	—	50,665,738
Income before tax	₱743,189,809	₱419,165,006	₱5,304,702	₱—	₱1,167,659,517
ASSETS					
Cash and cash equivalents	₱1,093,163,131	₱86,644,006	₱9,271,797	₱—	₱1,189,078,934
Receivables	6,195,840,447	224,438,779	8,145,563	—	6,428,424,789
Real estate for development and sale	5,979,057,990	—	—	—	5,979,057,990
Other current assets	1,026,881,203	1,174,828,292	4,902,164	—	2,206,611,659
Property and equipment	65,398,906	2,031,807,948	13,066	—	2,097,219,920
Investment properties	—	14,893,755,115	—	—	14,893,755,115
Other noncurrent assets	556,619,959	91,749,186	—	—	648,369,145
	₱14,916,961,636	₱18,503,223,326	₱22,332,590	₱—	₱33,442,517,552
LIABILITIES					
Accounts and other payables	₱2,598,972,468	₱822,758,230	₱12,855,214	₱—	₱3,434,585,912
Lease liabilities	7,163,420	252,764,582	—	—	259,928,002
Customers' advances and deposits	2,337,519,184	836,635,433	—	—	3,174,154,617
Loans payable	10,729,649,733	7,144,348,363	—	—	17,873,998,096
	₱15,673,304,805	₱9,056,506,608	₱12,855,214	₱—	₱24,742,666,627



	2018				
	Condominium Sales	Leasing and Hotel	Property Management	Intersegment Eliminating Adjustments	Total
REVENUE					
Real estate sales	₱5,371,389,610	₱—	₱—	₱—	₱5,371,389,610
Rental income	—	604,761,508	—	—	604,761,508
Management fee	—	—	44,910,192	(15,190,058)	29,720,134
Interest and other income	387,835,927	2,952,129	1,780,811	—	392,568,867
	5,759,225,537	607,713,637	46,691,003	(15,190,058)	6,398,440,119
COSTS AND EXPENSES					
Cost of condominium units	4,220,273,321	—	—	—	4,220,273,321
Selling and administrative	802,749,028	308,562,375	39,921,011	(15,190,058)	1,136,042,356
	5,023,022,349	308,562,375	39,921,011	(15,190,058)	5,356,315,677
Earnings before interest and taxes	736,203,188	299,151,262	6,769,992	—	1,042,124,442
Finance costs	36,100,631	—	268,686	—	36,369,317
Income before tax	₱700,102,557	₱299,151,262	₱6,501,306	₱—	₱1,005,755,125
ASSETS					
Cash and cash equivalents	₱982,277,935	₱73,961,456	₱3,448,168	₱—	₱1,059,687,559
Receivables	6,414,676,652	266,191,850	54,991,078	—	6,735,859,580
Real estate for development and sale	6,652,280,366	—	—	—	6,652,280,366
Other current assets	1,024,024,069	882,714,540	3,516,990	—	1,910,255,599
Property and equipment	29,693,999	1,158,013,275	40,000	—	1,187,747,274
Investment properties	—	9,860,631,961	—	—	9,860,631,961
Other noncurrent assets	516,449,643	21,160,526	—	—	537,610,169
	₱15,619,402,664	₱12,262,673,608	₱61,996,236	₱—	₱27,944,072,508
LIABILITIES					
Accounts and other payables	₱2,246,970,384	₱303,983,207	₱11,349,510	₱—	₱2,562,303,101
Lease liabilities	—	—	—	—	—
Customers' advances and deposits	1,034,042,325	703,683,381	—	—	1,737,725,706
Loans payable	11,476,494,322	4,361,703,193	—	—	15,838,197,515
	₱14,757,507,031	₱5,369,369,781	₱11,349,510	₱—	₱20,138,226,322

1. Segment assets exclude deferred tax assets.

2. Segment liabilities exclude income tax payable, other taxes payable, pension liabilities and deferred tax liabilities.

The CEO separately monitors the operating results of the Group's business units for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. Intersegment revenue and costs amounted to ₱17.72 million, ₱15.63 million and ₱15.19 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Capital expenditure with an aggregate amount of ₱5,307.06 million, ₱9,046.79 million and ₱5,834.19 million for the years ended December 31, 2020, 2019 and 2018, respectively, consists of condominium project costs, construction and acquisition cost of investment properties and hotel property, and land acquisitions costs. The Group has no revenue from transactions with a single external customer amounting to 10% or more of the Group's revenue.

Set out below is the amount of revenue recognized from the following:

	2020	2019
Amounts included in contract liabilities at the beginning of the year	₱2,337,519,184	₱1,034,042,325



Disaggregation of Revenue Information

The Group derives revenue from the transfer of goods and services over time and at a point in time, in different revenue streams and other geographical location within the Philippines. The Group's disaggregation of each sources of revenue from contracts with customers are presented below:

Real estate sales and service income

a. Major revenue streams

Real estate sale pertains only to the sale of high-rise condominium. This sale is revenue from contract with customer recognized over time and generated mostly in the Luzon area.

Rental income is mainly derived from rental of malls, warehouse spaces and other commercial facilities.

Management fee, which is recognized over time, represents the service fee for administering the condominiums.

Set out below is the reconciliation of contracts with customers with the amounts disclosed in the tables above:

2020				
	Condominium Sales	Leasing and Hotel	Property Management	Total
Sales to external customers	₱2,125,814,640	₱1,022,465,244	₱30,946,839	₱3,179,226,723
Inter-segment sales	—	—	17,718,851	17,718,851
	2,125,814,640	1,022,465,244	48,665,690	3,196,945,574
Inter-segment eliminations	—	—	(17,718,851)	(17,718,851)
Total revenue from contract with customers	₱2,125,814,640	₱1,022,465,244	₱30,946,839	₱3,179,226,723

2019				
	Condominium Sales	Leasing and Hotel	Property Management	Total
Sales to external customers	₱4,731,787,587	₱782,989,213	₱33,153,336	₱5,547,930,136
Inter-segment sales	—	—	15,628,506	15,628,506
	4,731,787,587	782,989,213	48,781,842	5,563,558,642
Inter-segment elimination	—	—	(15,628,506)	(15,628,506)
Total revenue from contract with customers	₱4,731,787,587	₱782,989,213	₱33,153,336	₱5,547,930,136

2018				
	Condominium Sales	Leasing and Hotel	Property Management	Total
Sales to external customers	₱5,371,389,610	₱604,761,508	₱29,720,134	₱6,005,871,252
Inter-segment sales	—	—	15,190,058	15,190,058
	5,371,389,610	604,761,508	44,910,192	6,021,061,310
Inter-segment eliminations	—	—	(15,190,058)	(15,190,058)
Total revenue from contract with customers	₱5,371,389,610	₱604,761,508	₱29,720,134	₱6,005,871,252



Performance obligations

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at December 31, 2020 and 2019 are as follows:

	2020	2019
Within one year	₱2,225,277,345	₱1,131,607,573
More than five years	5,258,209,433	6,705,916,849
	₱7,483,486,778	₱7,837,524,422

The remaining performance obligations are expected to be recognized through continuous development of the Group's real estate for development and sale projects.

22. Commitments

Lease Commitments

Leases - Group as Lessor

The Group entered into noncancellable lease agreements with third parties covering its investment property portfolio. These leases generally provide for a fixed monthly rental on the Group's warehouse, commercial units, and office spaces. Rent income amounted to ₱1,022.47 million, ₱782.99 million and ₱604.76 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Future minimum rental receivable under the noncancellable operating lease as at December 31, 2020 and 2019 are as follows:

	2020	2019
One year	₱406,166,700	₱787,091,104
After one year but not beyond five years	1,119,447,990	3,441,521,234
Beyond five years	12,003,711	247,362,081
	₱1,537,618,401	₱4,475,974,419

Leases - Group as Lessee

The Group has entered into noncancellable lease agreements for the rental of its offices and showroom for a period of one to five years and exhibit booths for a period of one to three months. The lease is renewable upon mutual consent of the contracting parties. Rental expense charged to operations amounted to ₱6.70 million, ₱11.19 million and ₱51.38 million for the years ended December 31, 2020, 2019 and 2018, respectively.

The Group also entered into noncancellable lease agreement for a parcel of land in Parañaque where one of the Group's investment property is located. The lease contract has a lease term of 10 years and is renewable at the sole option of the lessee. Monthly rent shall be fixed for the first two years and will increase by 5% and 7% on the third year to fifth year and on the sixth year to tenth year, respectively.



The following are the amounts recognized in statements of comprehensive income:

	2020	2019
Amortization expense of right-of-use assets (Notes 8 and 9)	₱47,529,122	₱46,698,627
Interest expense on lease liability	20,320,334	19,685,082
Rental expense (Note 16)	6,696,142	11,186,609
Total amount recognized in statements of comprehensive income	₱74,545,598	₱77,570,318

Rental expense recognized pertains to lease agreements related to short-term leases and leases of low-value assets.

The movements in the lease liabilities as at December 31, 2020 and 2019 are presented below:

	2020	2019
Beginning balance	₱259,928,002	₱292,811,011
Additions	94,351,938	—
Interest expense	20,320,334	19,685,082
Payments	(55,578,467)	(52,568,091)
Ending balance	₱319,021,807	₱259,928,002

The Group has certain lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business need. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised (see Note 3).

Set out below are the undiscounted potential future rental payments as at December 31, 2020 and 2019, relating to period following the exercise date of extension options that are not included in the lease term:

	2020	2019
Less than one year	₱—	₱19,524,942
After one year but not more than five years	104,007,298	66,821,230
More than five years	8,015,561	—
	₱112,022,859	₱86,346,172

Shown below is the maturity analysis of the undiscounted lease payments:

	2020	2019
Less than one year	₱54,924,829	₱27,392,370
After one year but not more than five years	138,631,150	94,310,292
More than five years	298,159,161	326,002,210
	₱491,715,140	₱447,704,872



Public-private partnership (PPP) with the local government of Parañaque City

On July 16, 2019, the Group signed a public-private partnership (JDA) contract with the local government of Parañaque City (LGU) for a mixed-use development three-tower project. The established project completion is within 48 months. Based on the JDA, the Group will develop a building with three towers (the Project) over a parcel of land owned by the local government of Parañaque City which is located in Barangay Tambo, Parañaque, with the Group bearing all the cost related to the land development and construction of the towers. The parcel of land and the constructed building shall be the contribution of the LGU and the Group, respectively to the JDA. The Group and the LGU shall then receive their respective allocation of the building after the project is completed. The agreement shall be effective for a period of 25 years from the date all conditions stated have been satisfied or waived, renewable for another 25 years at the option of the Group.

As at December 31, 2020, the Group incurred construction cost of the building amounting ₱243.41 million are accounted for as investment properties – construction in progress (see Note 9) since the Group has all interest over the project prior to its completion and will be used as commercial properties.

23. Earnings Per Share

Basic/diluted EPS amounts attributable to equity holders of the Parent Company for the years ended December 31, 2020, 2019 and 2018 follow:

	2020	2019	2018
Net income attributable to equity holders of Anchor Land Holdings, Inc.	₱349,648,848	₱824,573,730	₱706,780,526
Less dividends on preferred shares (Note 19)	27,733,360	27,733,360	27,733,360
Net income attributable to equity holders of Anchor Land Holdings, Inc. for basic and diluted EPS	321,915,488	796,840,370	679,047,166
Weighted average number of common shares for basic and diluted EPS	1,040,001,000	1,040,001,000	1,040,001,000
Basic/diluted EPS	₱0.31	₱0.77	₱0.65

The Parent Company does not have potentially dilutive common shares as at December 31, 2020, 2019 and 2018.

24. Changes in Liabilities Arising from Financing Activities

	January 1, 2020	Additions/ Accretion of interest	Cash flows	December 31, 2020
Loans payable	₱17,873,998,096	₱27,209,971	₱1,409,439,436	₱19,310,647,503
Lease liabilities	259,928,002	114,672,272	(55,578,467)	319,021,807
Dividends payable	–	121,333,450	(121,333,450)	–
Total liabilities arising from financing activities	₱18,133,926,098	₱263,215,693	₱1,232,527,519	₱19,629,669,310



	January 1, 2019	Additions/ Accretion of interest	Cash flows	December 31, 2019
Loans payable	₱15,838,197,515	₱8,305,500	₱2,027,495,081	₱17,873,998,096
Lease liabilities	292,811,011	19,685,082	(52,568,091)	259,928,002
Dividends payable	–	110,933,440	(110,933,440)	–
Total liabilities arising from financing activities	₱16,131,008,526	₱138,924,022	₱1,863,993,550	₱18,133,926,098

25. Events related to COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak as a global pandemic. In a move to contain the COVID-19 outbreak, several quarantine measures have been implemented in the National Capital Region (NCR) and other areas with significant number of COVID-19 cases. These quarantine measures have resulted in disruptions in the Group's business and economic activities.

On March 27, 2021, the Presidential Spokesperson has announced that ECQ will be implemented in the NCR+ "bubble" covering the NCR, Bulacan, Rizal, Cavite and Laguna starting March 29, 2021 until April 4, 2021 and subsequently extended until April 11, 2021 as approved by the President.

Considering the evolving nature of the pandemic, the Group will continue to monitor the situation and adopt appropriate risk management procedures and business continuity strategies in order to mitigate the adverse impact of the pandemic.

26. Subsequent Events

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

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 key changes of the CREATE law are as follows:

- 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 Php5 million and with total assets not exceeding Php100 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; and
- Improperly accumulated earnings tax of 10% will be repealed.

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, 2021 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, entities within the Group would have been subjected to lower regular corporate income tax rate of 25% RCIT/1% MCIT 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 by an expected amount of ₱17.22 million, which will be reflected in the 2020 annual income tax return but will only be recognized for financial reporting purposes in the 2021 financial statements.
- This will result in lower deferred tax assets and liabilities as of December 31, 2020 and higher provision for deferred tax for the year then ended by ₱10.59 million, ₱24.76 million, and ₱11.48 million, respectively. These reductions will be recognized in the 2021 financial statements.



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Anchor Land Holdings, Inc.
11th Floor, L.V. Locsin Building
6752 Ayala Avenue corner Makati Avenue
Makati City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Anchor Land Holdings, Inc. and its subsidiaries (the Group) as at and for the year ended December 31, 2020 and 2019, and for each of the three years in the period ended December 31, 2020, included in this Form 17-A and have issued our report thereon dated April 7, 2021. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the management of the Group. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state in all material respects the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Jennifer D. Ticlao

Partner

CPA Certificate No. 109616

SEC Accreditation No. 1758-A (Group A),

July 2, 2019, valid until July 1, 2022

Tax Identification No. 245-571-753

BIR Accreditation No. 08-001998-110-2020,

November 27, 2020, valid until November 26, 2023

PTR No. 8534373, January 4, 2021, Makati City

April 7, 2021



INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Anchor Land Holdings, Inc.
11th Floor, L.V. Locsin Building
6752 Ayala Avenue corner Makati Avenue
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Anchor Land Holdings, Inc. and Subsidiaries (the Group) as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated April 7, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's financial statements as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Jennifer D. Ticlao
Partner
CPA Certificate No. 109616
SEC Accreditation No. 1758-A (Group A),
July 2, 2019, valid until July 1, 2022
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November 27, 2020, valid until November 26, 2023
PTR No. 8534373, January 4, 2021, Makati City

April 7, 2021



Anchor Land Holdings, Inc. and Subsidiaries
INDEX TO SUPPLEMENTARY SCHEDULES
December 31, 2020

Statement of Management's Responsibility for the Consolidated Financial Statements

**Independent Auditor's Report on the SEC Supplementary Schedules filed separately
from the Basic Financial Statements**

Supplementary Schedules to Consolidated Financial Statements (Form 17-A, Item 7)

Schedule	Description	Page No.
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ANCHOR LAND HOLDINGS, INC. & SUBSIDIARIES
SCHEDULE A – FINANCIAL ASSETS
As of December 31, 2020

Financial assets	Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Valued based on market quotation at end of reporting period	Income received and accrued
Not Applicable					

ANCHOR LAND HOLDINGS, INC. & SUBSIDIARIES

SCHEDULE B – AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)

As of December 31, 2020

Name	Balance at beginning of period	Additions	Amounts collected	Current	Non-current	Balance at end of period
Not Applicable						

ANCHOR LAND HOLDINGS, INC. & SUBSIDIARIES

**SCHEDULE C – AMOUNTS RECEIVABLE FROM/PAYABLE TO RELATED PARTIES WHICH ARE ELIMINATED DURING
THE CONSOLIDATION OF FINANCIAL STATEMENTS**

As of December 31, 2020

Name of subsidiary	Amounts payable by Subsidiaries to Parent Company							
	Receivable balance per Parent Company					Payable balance per subsidiary	Current	Non-current
	Balance at beginning period	Additions	Amounts collected	Amounts written off	Balance at end period			
Posh Properties Development Corporation	₱ 631,575,319	₱ -	(₱123,537,552)	₱ -	₱ 508,037,767	₱ 508,037,767	₱ 508,037,767	-
Globeway Property Ventures, Inc.	310,705,176	2,617,385		-	313,322,561	313,322,561	313,322,561	-
Anchor Properties Corporation	293,657,195	95,534,865		-	389,192,060	389,192,060	389,192,060	-
1080 Soler Corp.	229,417,558	4,861,947		-	234,279,505	234,279,505	234,279,505	-
Admiral Realty Co., Inc.	115,000,000	82,184,183		-	197,184,183	197,184,183	197,184,183	-
Nusantara Holdings, Inc.	97,893,078	-	(34,931,385)	-	62,961,693	62,961,693	62,961,693	-
Momentum Properties Management Corporation	84,359,292	2,163,834		-	86,523,126	86,523,126	86,523,126	-
Anchor Land Global Corporation	78,931,725	-	(4,998,588)	-	73,933,137	73,933,137	73,933,137	-
Gotamco Realty Investment Corporation	39,947,692	-	(28,607,567)	-	11,340,125	11,340,125	11,340,125	-
Frontier Harbor Property Development, Inc.	31,608,818	50,000,500		-	81,609,318	81,609,318	81,609,318	-
Basiclink Equity Investment Corp.	10,230,745	6,577,729		-	16,808,474	16,808,474	16,808,474	-
Anchor Land Hotels & Resorts, Inc.	5,569,155	-	(4,983,765)	-	585,390	585,390	585,390	-
All Farm Genetic Venture Corp.	61,900	-		-	61,900	61,900	61,900	-
Eisenglas Aluminum and Glass, Inc.	8,250	-	(8,250)	-	-	-	-	-
Realty & Development Corporation of San Buenaventura	1,000	31,800		-	32,800	32,800	32,800	-
Wework Realty Development Corp.	-	500		-	500	500	500	-
Fersan Realty Corp.	-	4,528		-	4,528	4,528	4,528	-
TeamEx Properties Development Corp.	500	500		-	1,000	1,000	1,000	-
	₱1,928,967,403	₱243,977,771	(₱197,067,107)	₱-	₱1,975,878,067	₱1,975,878,067	₱1,975,878,067	₱-

Amounts payable by Subsidiaries to Posh Properties Development Corporation (PPDC)								
Name of subsidiary	Receivable balance per PPDC					Payable balance per subsidiary	Current	Non-current
	Balance at beginning period	Additions	Amounts collected	Amounts written off	Balance at end period			
Admiral Realty Co., Inc.	₱1,800,450,429	₱ -	(₱42,770,384)	₱ -	₱1,757,680,045	₱1,757,680,045	₱1,757,680,045	-
Anchor Properties Corporation	1,117,136,379	-	(264,167,272)	-	852,969,107	852,969,107	852,969,107	-
Gotamco Realty Investment Corporation	573,916,230	-	(573,916,230)	-	-	-	-	-
Globeway Property Ventures, Inc.	239,177,467	9,014,975	-	-	248,192,442	248,192,442	248,192,442	-
Nusantara Holdings, Inc.	92,521,320	-	(84,998,160)	-	7,523,160	7,523,160	7,523,160	-
Anchor Land Hotels & Resorts, Inc.	39,130,512	41,047,291	-	-	80,177,803	80,177,803	80,177,803	-
Eisenglas Aluminum and Glass, Inc.	34,232,016	-	(34,232,016)	-	-	-	-	-
Momentum Properties Management Corporation	4,334,677	-	(4,334,677)	-	-	-	-	-
Anchor Land Global Corporation	1,004,950	-	-	-	1,004,950	1,004,950	1,004,950	-
Realty & Development Corporation of San Buenaventura	3,000	-	-	-	3,000	3,000	3,000	-
Frontier Harbor Property Development, Inc.	-	91,057,396	-	-	91,057,396	91,057,396	91,057,396	-
	₱3,901,906,980	₱141,119,662	(₱1,004,418,739)	₱-	₱3,038,607,903	₱3,038,607,903	₱3,038,607,903	₱-

Amounts payable by Subsidiaries to Anchor Properties Corporation (APC)								
Name of subsidiary	Receivable balance per APC					Payable balance per subsidiary	Current	Non-current
	Balance at beginning period	Additions	Amounts collected	Amounts written off	Balance at end period			
Admiral Realty Co., Inc.	₱ 469,922,290	₱169,623,822	₱	₱ -	₱ 639,546,112	₱ 639,546,112	₱ 639,546,112	-
Nusantara Holdings, Inc.	59,847,674	924,039	-	-	60,771,713	60,771,713	60,771,713	-
1080 Soler Corp.	13,508,768	1,000	-	-	13,509,768	13,509,768	13,509,768	-
Globeway Property Ventures, Inc.	9,296,160	-	-	-	9,296,160	9,296,160	9,296,160	-
Momentum Properties Management	5,202,580	-	-	-	5,202,580	5,202,580	5,202,580	-
Anchor Land Hotels & Resorts, Inc.	2,639,705	-	-	-	2,639,705	2,639,705	2,639,705	-
Basiclink Equity Investment Corp.	1,055,495	-	-	-	1,055,495	1,055,495	1,055,495	-
(Forward)								

Frontier Harbor Development, Inc.	-	50,000,000			50,000,000	50,000,000	50,000,000	-
Ireernalmeda Realty, Inc.	-	413			413	413	413	-
Fersan Realty Corp.	-	2,357,250			2,357,250	2,357,250	2,357,250	-
Anchor Land Global Corporation	150	-		-	150	150	150	-
	₱561,472,822	₱222,906,524		₱-	₱-	₱784,379,346	₱784,379,346	₱784,379,346
								₱-

Name of subsidiary	Amounts payable by Subsidiaries to Gotamco Realty Investment Corporation (GRIC)							
	Receivable balance per GRIC					Payable balance per subsidiary	Current	Non-current
	Balance at beginning period	Additions	Amounts collected	Amounts written off	Balance at end period			
Admiral Realty Co., Inc.	₱ 630,656,637	₱518,996,493	₱	₱ -	₱ 1,149,653,130	₱ 1,149,653,130	₱ 1,149,653,130	-
Anchor Properties Corporation	307,728,005	14,460,051		-	322,188,056	322,188,056	322,188,056	-
Anchor Land Hotels & Resorts, Inc.	48,500,325	-		-	48,500,325	48,500,325	48,500,325	-
Globeway Property Ventures, Inc.	18,012,163	-		-	18,012,163	18,012,163	18,012,163	-
Ireernalmeda Realty, Inc.	6,854,543	82,000,000		-	88,854,543	88,854,543	88,854,543	-
1080 Soler Corp.	3,252,579	17,400		-	3,269,979	3,269,979	3,269,979	-
Basiclink Equity Investment Corp.	1,610,106	-	(1,610,106)	-	-	-	-	-
Fersan Realty Corp.	-	3,443		-	3,443	3,443	3,443	-
Frontier Harbor Property Development, Inc.	-	205,062,497		-	205,062,497	205,062,497	205,062,497	-
Posh Properties Development Corporation	-	979,531,283		-	979,531,283	979,531,283	979,531,283	-
Nusantara Holdings Inc.	-	11,473,274		-	11,473,274	11,473,274	11,473,274	-
TeamEx Properties Development Corp.	-	3,000,000		-	3,000,000	3,000,000	3,000,000	-
Momentum Properties Management Corporation	1,294,180	-		-	1,294,180	1,294,180	1,294,180	-
	₱1,017,908,538	₱1,814,544,441	(₱1,610,106)	₱-	₱2,830,842,873	₱2,830,842,873	₱2,830,842,873	₱-

Name of subsidiary	Amounts payable by Subsidiaries to Admiral Realty Company, Inc. (ARCI)							
	Receivable balance per ARCI					Payable balance per subsidiary	Current	Non-current
	Balance at beginning period	Additions	Amounts collected	Amounts written off	Balance at end period			
Globeway Property Ventures, Inc.	₱ 2,987,000	₱-	(₱2,987,000)	₱-	₱-	₱-	₱-	-
Momentum Properties Management Corporation	1,117,630	5,431,802		-	6,549,432	6,549,432	6,549,432	-
1080 Soler Corp.	1,065,673	-		-	1,065,673	1,065,673	1,065,673	-
Frontier Harbor Property Development, Inc.	1,028,502	226,412,348		-	227,440,850	227,440,850	227,440,850	-
Anchor Land Global Corporation	625,005	-		-	625,005	625,005	625,005	-
Eisenglas Aluminum and Glass, Inc.	19,396	-	(19,396)	-	-	-	-	-
Wework Realty Development Corp.	-	1,000		-	1,000	1,000	1,000	-
	₱6,843,206	₱231,845,150	(₱3,006,396)	₱-	₱235,681,960	₱235,681,960	₱235,681,960	₱-

Name of subsidiary	Amounts payable by Subsidiaries to Momentum Properties Management Corporation (MPMC)							
	Receivable balance per MPMC					Payable balance per subsidiary	Current	Non-current
	Balance at beginning period	Additions	Amounts collected	Amounts written off	Balance at end period			
Eisenglas Aluminum and Glass, Inc.	₱9,980,913	₱-	(₱9,980,913)	₱-	₱-	₱-	₱-	₱-
Basiclink Equity Investment Corp.	-	7,138			7,138	7,138	7,138	-
Posh Properties Development Corporation	-	87,840,277		-	87,840,277	87,840,277	87,840,277	-
	₱9,980,913	₱87,847,415	(₱9,980,913)	₱-	₱87,847,415	₱87,847,415	₱87,847,415	₱-

Amounts payable by Subsidiaries to Globeway Property Ventures, Inc. (GPVI)								
Name of subsidiary	Receivable balance per GPVI					Payable balance per subsidiary	Current	Non-current
	Balance at beginning period	Additions	Amounts collected	Amounts written off	Balance at end period			
Basiclink Equity Investment Corp.	₱ 5,000,000	₱-	₱-	₱ -	₱5,000,000	₱5,000,000	₱5,000,000	-
Admiral Realty Co., Inc.	-	1,867,160	-	-	1,867,160	1,867,160	1,867,160	-
Momentum Properties Management Corporation	-	2,000,000	-	-	2,000,000	2,000,000	2,000,000	-
Anchor Land Global Corporation	4,309,697	-	-	-	4,309,697	4,309,697	4,309,697	-
	₱9,309,697	₱3,867,160	₱-	₱-	₱13,176,857	₱13,176,857	₱13,176,857	₱-

Amounts payable by Subsidiary to Basiclink Equity Investment Corp. (BEIC)								
Name of subsidiary	Receivable balance per BEIC					Payable balance per subsidiary	Current	Non-current
	Balance at beginning period	Additions	Amounts collected	Amounts written off	Balance at end period			
Admiral Realty Co., Inc.	₱ 24,968,671	₱ -	₱ -	₱ -	₱ 24,968,671	₱ 24,968,671	₱ 24,968,671	-
Posh Properties Development Corporation	17,704,592	18,325,156	-	-	36,029,748	36,029,748	36,029,748	-
1080 Soler Corp.	3,932,411	-	-	-	3,932,411	3,932,411	3,932,411	-
Gotamco Realty Investment Corporation	-	3,389,894	-	-	3,389,894	3,389,894	3,389,894	-
Frontier Harbor Property Development, Inc.	-	4,833,305	-	-	4,833,305	4,833,305	4,833,305	-
All Farm Genetic Venture Corp.	11,984	12,583	-	-	24,567	24,567	24,567	-
	₱46,617,658	₱26,560,938	₱-	₱-	₱73,178,596	₱73,178,596	₱73,178,596	₱-

Name of subsidiary	Amounts payable by Subsidiaries to Nusantara Holdings, Inc. (NHI)							
	Receivable balance per NHI					Payable balance per subsidiary	Current	Non-current
	Balance at beginning period	Additions	Amounts collected	Amounts written off	Balance at end period			
Gotamco Realty Investment Corporation	₱24,537,119	₱-	(₱24,537,119)	₱-	₱-	₱-	₱-	₱-
Admiral Realty Co., Inc.	15,145,418	15,001,000	-	-	30,146,418	30,146,418	30,146,418	-
Frontier Harbor Property Development, Inc.	-	15,000,000	-	-	15,000,000	15,000,000	15,000,000	-
Globeway Property Ventures, Inc.	-	1,000,000	-	-	1,000,000	1,000,000	1,000,000	-
1080 Soler Corp.	5,879,520	-	-	-	5,879,520	5,879,520	5,879,520	-
	₱45,562,057	₱31,001,000	(₱24,537,119)	₱-	₱52,025,938	₱52,025,938	₱52,025,938	₱-

Name of subsidiary	Amounts payable by Subsidiaries to Irenealedema Realty, Inc. (IRI)							
	Receivable balance per IRI					Payable balance per subsidiary	Current	Non-current
	Balance at beginning period	Additions	Amounts collected	Amounts written off	Balance at end period			
Gotamco Realty Investment Corporation	₱83,807,123	₱-	(₱83,807,123)	₱-	₱-	₱-	₱-	₱-

Name of subsidiary	Amounts payable by Subsidiaries to Anchor Land Global Corporation. (ALGC)							
	Receivable balance per ALGC					Payable balance per subsidiary	Current	Non-current
	Balance at beginning period	Additions	Amounts collected	Amounts written off	Balance at end period			
TeamEx Properties Development Corp.	₱ 21,520	₱413	₱ -	₱ -	₱ 21,933	₱ 21,933	₱ 21,933	-
1080 Soler Corp.	-	398	-	-	398	398	398	-
Nusantara Holdings, Inc.	-	465	-	-	465	465	465	-
WeWork Realty Development Corp.	21,510	594	-	-	22,104	22,104	22,104	-
	₱43,030	₱1,870	₱ -	₱-	₱44,900	₱44,900	₱44,900	₱-

Name of subsidiary	Amounts payable by Subsidiaries to 1080 Soler Corp. (1080)							
	Receivable balance per 1080					Payable balance per subsidiary	Current	Non-current
	Balance at beginning period	Additions	Amounts collected	Amounts written off	Balance at end period			
Posh Properties Development Corporation	₱1,660,550	₱ 2,999,837	₱ -	₱-	₱4,660,387	₱4,660,387	₱4,660,387	₱-
Frontier Harbor Property Development, Inc.	-	5,000,000	-	-	5,000,000	5,000,000	5,000,000	-
	₱1,660,550	₱7,999,837	₱ -	₱-	₱9,660,387	₱9,660,387	₱9,660,387	₱-

Name of subsidiary	Amounts payable by Subsidiaries to Anchor Land Hotel & Resorts, Inc. (ALHRI)							
	Receivable balance per ALHRI					Payable balance per subsidiary	Current	Non-current
	Balance at beginning period	Additions	Amounts collected	Amounts written off	Balance at end period			
Admiral Realty Co., Inc.	₱12,583,043	₱-	(₱986,702)	₱-	₱11,596,341	₱11,596,341	₱11,596,341	₱-

Name of subsidiary	Amounts payable by Subsidiaries to Frontier Harbor Property Development, Inc. (FHPDI)							
	Receivable balance per FHPDI					Payable balance per subsidiary	Current	Non-current
	Balance at beginning period	Additions	Amounts collected	Amounts written off	Balance at end period			
Anchor Land Global Corporation	₱-	₱2,429	₱-	₱-	₱2,429	₱2,429	₱2,429	₱-

ANCHOR LAND HOLDINGS, INC. & SUBSIDIARIES
SCHEDULE D – LONG TERM DEBT
As of December 31, 2020

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest rates
Long-term loans	15,668,050,417	4,744,160,338	10,923,890,079	4.25% to 8.37%
Receivable financing	1,297,337,510	449,485,411	847,852,099	4.75% to 6.25%
Notes payable	15,259,576	5,219,264	10,040,312	3.90% to 4.70%

ANCHOR LAND HOLDINGS, INC. & SUBSIDIARIES
SCHEDULE E – INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED PARTIES)
As of December 31, 2020

Name of related party	Balance at beginning of period	Balance at end of period
Not Applicable		

ANCHOR LAND HOLDINGS, INC. & SUBSIDIARIES
SCHEDULE F – GUARANTEES OF SECURITIES OF OTHER ISSUERS
As of December 31, 2020

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
Not Applicable				

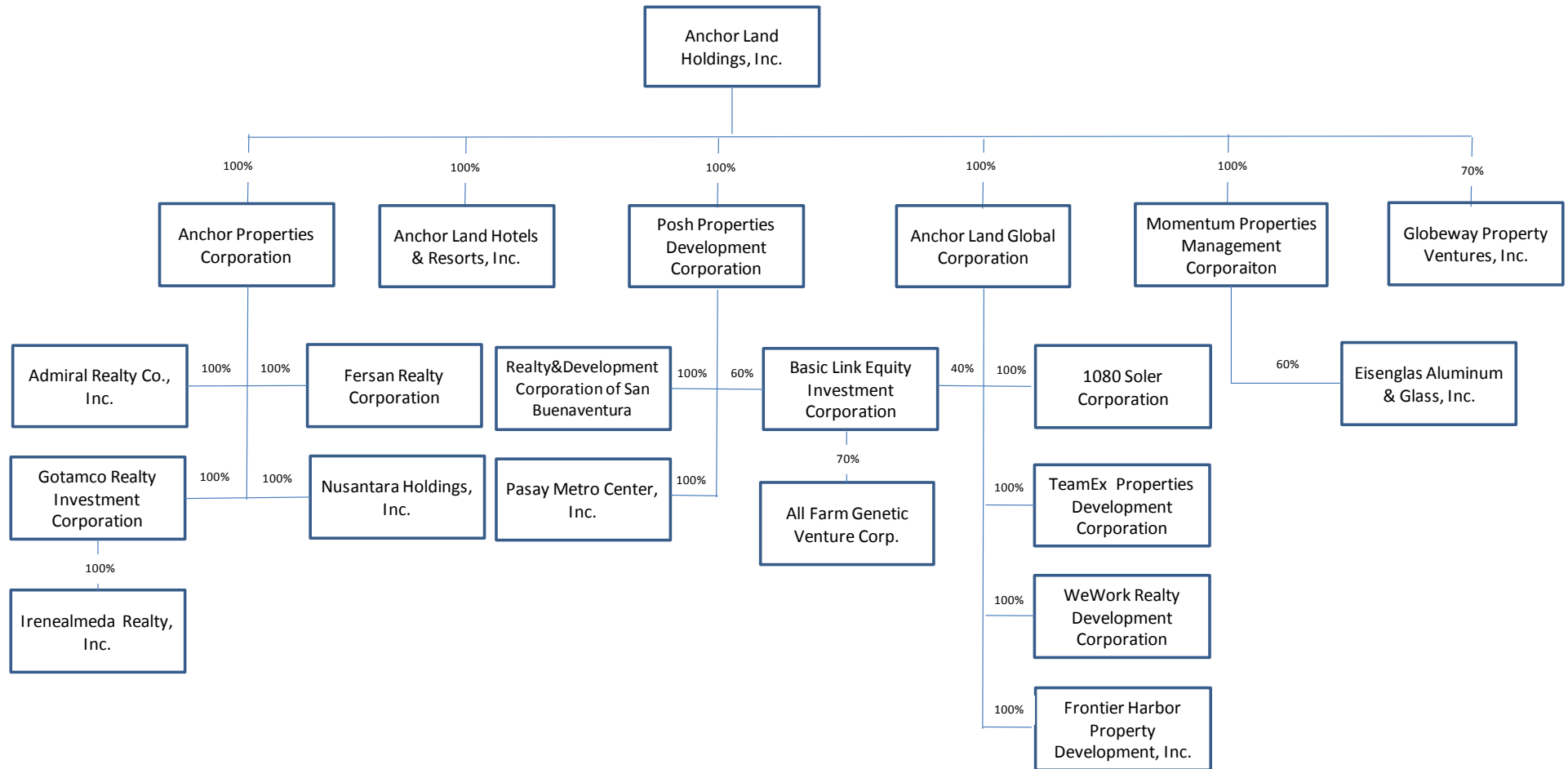
ANCHOR LAND HOLDINGS, INC. & SUBSIDIARIES
SCHEDULE G – CAPITAL STOCK
As of December 31, 2020

Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common	3,500,000,000	1,040,001,000	–	–	191,941,193	N/A
Preferred	1,300,000,000	346,667,000	–	–	57,139,330	N/A

ANCHOR LAND HOLDINGS, INC.
SCHEDULE H – RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
For the year ended December 31, 2020

Unappropriated Retained Earnings, beginning	₱1,213,560,400
Adjustments:	
Deferred tax asset that reduced income tax expense in prior year	(43,252,168)
Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning	1,170,308,232
Net income during the year closed to Retained Earnings	523,357,363
Adjustment for deferred tax asset during the year	(13,674,230)
Net income actually earned during the year	509,683,133
Less: Cash dividend declaration during the year	(121,333,450)
Unappropriated Retained Earnings, end available for dividend distribution	₱1,558,657,915

ANCHOR LAND HOLDINGS, INC. & SUBSIDIARIES
SCHEDULE I – MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP
December 31, 2020



ANCHOR LAND HOLDINGS, INC.
SCHEDULE J – FINANCIAL SOUNDNESS INDICATORS
For the year ended December 31, 2020

	Formula	2020	2019
Current ratio	$\frac{\text{Total Current Assets}}{\text{Total Current Liabilities}}$	1.27	1.27
Solvency Ratio	$\frac{\text{Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)}}{\text{Short-term and Long-term Debt}}$	5.4%	7.7%
Debt to equity ratio	$\frac{\text{Total Liabilities}}{\text{Total Equity}}$	3.30	3.17
Asset to equity ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$	4.30	4.17
Interest rate coverage ratio	$\frac{\text{EBITDA}}{\text{Interest expense (including capitalized portion)}}$	1.18	1.75
Return on assets	$\frac{\text{Net Income attributable to the holders of Parent Company}}{\text{Total Assets}}$	1.0%	2.5%
Net profit margin	$\frac{\text{Net Income attributable to the holders of Parent Company}}{\text{Total Revenue}}$	9.0%	13.3%
Return on equity	$\frac{\text{Net Income attributable to the holders of Parent Company}}{\text{Total Equity}}$	4.2%	10.3%
Book value per share	$\frac{\text{Equity attributable to common share holders}}{\text{Number of outstanding shares}}$	7.65	7.40

Sustainability Report

Contextual Information

Company Details	
Name of Organization	Anchor Land Holdings, Inc. ("Anchor Land")
Location of Headquarters	15 th Floor L.V. Locsin Building, 6752 Ayala Ave. corner Makati Ave., Makati City
Location of Operations	Philippines
Report Boundary: Legal entities (e.g. subsidiaries) included in this report	<p>Key operating subsidiaries:</p> <ol style="list-style-type: none"> 1. Anchor Properties Corporation 2. Posh Properties Development Corporation 3. Gotamco Realty Investment Corporation 4. Nusantara Holdings, Inc. 5. Admiral Realty Company, Inc. 6. Momentum Properties Management Corporation 7. 1080 Soler Corp. 8. Basiclink Equity Investment Corp. 9. Globeway Property Ventures, Inc. 10. Eisenglas Aluminum and Glass, Inc. 11. Anchor Land Hotels & Resorts, Inc.
Business Model, including Primary Activities, Brands, Products, and Services	Anchor Land is a holding company with affiliate and subsidiary companies that engage in real estate development activities. The company began with the development of residential condominiums, and expanded its portfolio to include logistics hubs, hotels, offices, and dormitories.
Reporting Period	January 1 to December 31, 2020
Highest Ranking Person responsible for this report	Atty. Sarah Joelle C. Lintag Head, Corporate Affairs Department / Compliance Information Officer

Materiality Process

The Disclosure Topics in the template provided by the Securities and Exchange Commission (SEC), attached to its Memorandum Circular No. 4 Series of 2019 as Annex "A" of the Guidelines, are largely based on the GRI framework. The Project Team has thus decided to use such Disclosure Topics in this report, instead of the actual GRI items.

The materiality, or the impact, of each Disclosure Topic to the economy, environment, and society is evaluated keeping in mind **(1)** the U.N. Sustainable Development Goals (SDG) to which the Disclosure Topic contributes and **(2)** the degree to which Anchor Land generates the impact and/or the impact's relevance to its stakeholders.

Quoting a section on **GRI 101: Foundation 2016**, under **1.3 Materiality**:

Relevant topics, which potentially merit inclusion in the report, are those that can reasonably be considered important for reflecting the organization's economic, environmental, and social impacts, or influencing the decisions of stakeholders. In this context, 'impact' refers to the effect an organization has on the economy, the environment, and/or society (positive or negative). A topic can be relevant – and so potentially material – based on only one of these dimensions.

Since all material impacts lead to the 17 U.N. Sustainable Development Goals (SDGs), considered herein as an ultimate and universal set of targets for sustainability, the Project Team has decided to make the U.N. SDGs incident to materiality.

With respect to the degree to which Anchor Land generates the impact and/or the impact's relevance to its stakeholders, each Disclosure Topic is rated either as **High** wherein the company immediately causes the impact; **Medium** wherein the company influences, but not causes, the impact; and **Low to Not Applicable**. In all 3 ratings, the company's stakeholders are considered, if a particular item affects their decisions and/or interests. Those rated as **High** or **Medium** are considered material in this report.

In **GRI 101: Foundation 2016**, under **1.1 Stakeholder Inclusiveness**:

Stakeholders are defined as entities or individuals that can reasonably be expected to be significantly affected by the reporting organization's activities, products, or services; or whose actions can reasonably be expected to affect the ability of the organization to implement its strategies or achieve its objectives.

Stakeholders can therefore be thought of as parties that are affected by the impact and/or those that affect the organization that generates the impact. Depending on the item, the company's stakeholders can mean its employees, suppliers, customers, Government, the community, and so forth.

The following table is a summary of the result of the Materiality Process:

Disclosure Topic	Relevant U.N. SDG	Degree of Impact and/or Relevance to Stakeholders
Economic		
<u>Economic Performance</u>		
Direct Economic Value Generated and Distributed	SDG #8 Decent Work and Economic Growth	High
Climate-Related Risks and Opportunities	SDG #13 Climate Action	Medium
<u>Procurement Practices</u>		
Proportion of spending on local suppliers	SDG #12 Responsible Consumption and Production	High
<u>Anti-Corruption</u>		
Training on Anti-Corruption Policies and Procedures	SDG #16 Peace, Justice, and Strong Institutions	High
Incidents of Corruption	SDG #16 Peace, Justice, and Strong Institutions	High
Environment		
<u>Resource Management</u>		
Energy	SDG #7 Affordable and Clean Energy	Medium
Water	SDG #6 Clean Water and Sanitation	Medium
Materials	SDG #12 Responsible Consumption and Production	High
<u>Ecosystem and Biodiversity</u>		
Watersheds	SDG #14 Life below Water SDG #15 Life on Land	Low to Not Applicable Anchor Land does not have projects that affect watersheds.
Marine	SDG #14 Life below Water	Medium
IUCN ¹ /KBA ²	SDG #14 Life below Water SDG #15 Life on Land	Low to Not Applicable Anchor Land does not have projects that endanger animals.
<u>Environmental Impact</u>		
<u>Air Emission</u>		
GHG	SDG #3 Good Health and Well-Being SDG #13 Climate Action	Medium

NOx, Sox, PM	SDG #3 Good Health and Well-Being SDG #13 Climate Action	Medium
<u>Solid and Hazardous Waste</u>	SDG #3 Good Health and Well-Being	Medium
<u>Effluents</u>	SDG #14 Life below Water	Medium
<u>Environmental Compliance</u>	SDG #16 Peace, Justice, and Strong Institutions	High
Social		
<u>Employee Management</u>		
Employee Hiring and Benefits	SDG #8 Decent Work and Economic Growth	High
Employee Training and Development	SDG #4 Quality Education	High
Labor-Management Relations	SDG #8 Decent Work and Economic Growth	High
Diversity, Equal Opportunity, and Anti-Discrimination	SDG #5 Gender Equality SDG #10 Reduced Inequalities	High
<u>Workplace Conditions, Labor Standards, and Human Rights</u>		
Occupational Health and Safety	SDG #3 Good Health and Well-Being	High
Labor Standards and Human Rights	SDG #16 Peace, Justice, and Strong Institutions	High
<u>Supply Chain Management</u>	SDG #16 Peace, Justice, and Strong Institutions	High
<u>Relationship with Community</u>		
Significant Impacts on Local Communities	SDG #10 Reduced Inequalities	High
<u>Customer Management</u>		
Customer Satisfaction	No U.N. SDG found to be directly applicable.	High
Health and Safety	SDG #3 Good Health and Well-Being	High
Marketing and Labelling	No U.N. SDG found to be directly applicable.	High
Customer Privacy	No U.N. SDG found to be directly applicable.	High

Data Security	No U.N. SDG found to be directly applicable.	High
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Note: Given the Covid-19 pandemic, some parties are unable to provide data and, as such, some of the figures, particularly in the Environmental section, may only be indicative. There are some 2019 undertakings that are still in the process of completion.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed (in Millions)

Disclosure	Amount	Units
Direct economic value generated (revenue)	3,899	PhP
Direct economic value distributed:		
a. Operating costs	2,467	PhP
b. Employee wages and benefits	335	PhP
c. Payments to suppliers, other operating costs	380	PhP
d. Dividends given to stockholders and interest payments to loan providers	175	PhP
e. Taxes given to government	333	PhP
f. Investments to community (e.g., donations, CSR)	6	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> Impact: These financial results impact the local economy in which the company is domiciled. The local economy includes employment, investment activities, tax payments, and community assistance, all of which are factors in <u>U.N. SDG # 8: Decent Work and Economic Growth</u>. Where the Impact Occurs: In the course of the company's business. The Organization's Involvement: Directly. 	<ul style="list-style-type: none"> Stakeholders that Cause / Influence the Impact: The organization itself. Stakeholders Affected by the Impact: <ul style="list-style-type: none"> Third-Party Suppliers / Service Providers / Contractors. Investors. Government. Community. 	Anchor Land aims to consistently manage properly the company's financial well-being, build sustainable communities, and create more products and services. It continues to do this by creating a niche, serving the under-served market, which led to its ever-increasing portfolio of projects.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Mismanagement of company economics can result to insolvency / illiquidity or worse, bankruptcy.	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: The organization itself. • Stakeholders Affected by the Impact: Investors. 	Anchor Land shall remain true to its proven formula, which allows it to sustain its growing portfolio from residential developments to logistics hubs, hotels, offices, and dormitories.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
While staying true to a proven formula is paramount, the company also does not want to outdate its product offerings. The company should therefore keep an eye out for new market segments that it can enter through its strong market research and feedback mechanism.	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: The organization itself. • Stakeholders Affected by the Impact: Investors. 	Anchor Land can explore entering into new real estate market segments. (Options withheld, in the interest of confidentiality.)

Climate-Related Risks and Opportunities

Governance Disclose the organization's governance around climate-related risks and opportunities	Anchor Land supports the management of risks and opportunities related to climate change. It has remained compliant with various laws and regulations that encourage the protection of the environment, including The Climate Change Act of 2009, Philippine Clean Air Act of 1999, and The Philippine Clean Water Act of 2004. The company's Management remains mindful of climate change's potential impacts to its projects, for instance, by constructing its projects based on changing weather patterns or by reducing the projects' carbon emission. In so doing, the company has created opportunities by always being on the lookout for new technologies that would adapt to climate change, like technologies that reduce energy and water consumption.
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	Managing these risks and opportunities positively impacts the organization. On top of being more up-to-date on new energy-efficient or water-efficient technologies, climate-related risks and opportunities influence the design of its projects.

	<u>The Centrium</u> , the company's LEED pre-certified Gold project, for instance, helps in reducing carbon footprint through use of natural light which in turn reduces energy consumption.
Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks	A few items Anchor Land has started to implement: <ul style="list-style-type: none"> • Implementation of LEED requirements for its projects to contribute to the reduction of carbon emission through climate-friendly design; and • Identification of project development stages where the most energy and water are consumed, in order to properly manage them. •
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	Anchor Land has started to secure 3 rd -party certification on green building, such as the USGBC. The <u>Centrium</u> is LEED pre-certified Gold.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	90	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> • Impact: Procuring from local suppliers provides for sustainable sourcing capability* which ultimately impacts the local economy. *In <u>U.N. SDG # 12: Responsible Consumption and Production</u>. • Where the Impact Occurs: During commissioning of 3rd-Party Suppliers / Service Providers. • The Organization's Involvement: Directly. 	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: Procurement Team. • Stakeholders Affected by the Impact: <ul style="list-style-type: none"> ○ 3rd-Party Suppliers / Service-Providers. ○ Community. 	Anchor Land supports the local economy by sourcing products and talents from local suppliers. It maintains long-term relationship with partners that share the same passion for excellence and provides opportunities to new consultants with specific technical expertise/skills to help the company offer quality projects and unique solutions to its clientele.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Local suppliers may be more profit- than quality-driven.	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: Procurement Team. • Stakeholders Affected by the Impact: 3rd-Party Suppliers / Service-Providers. 	Anchor Land shall continue to work with local suppliers and help them grow their respective businesses, thereby improving the quality of their goods / services.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There is an opportunity to "train" the suppliers to become world class, by imparting to them the company's commitment to quality.	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: Procurement Team. • Stakeholders Affected by the Impact: 3rd-Party Suppliers / Service-Providers. 	Anchor Land, by virtue of close Management involvement in the projects, are training the suppliers to better themselves in terms of quality.

Anti-Corruption

Training on Anti-Corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	0	%
Percentage of employees that have received anti-corruption training	0	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> • Impact: Corruption creates an imbalance in resource allocation, which eventually creates a shadow economy. Ultimately, it impacts 	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: The organization itself. • Stakeholders Affected by the Impact: 	Anchor Land strictly upholds its <u>Conflict of Interests Policy</u> , <u>Whistleblowing Policy</u> and <u>Insider Trading Policy</u> and complies with national laws and regulations on anti-corruption.

<p>the local economy and compromises the company's contribution to U.N. SDG # 16: <u>Peace, Justice, and Strong Institutions</u>, since it also implies non-compliance with laws and regulations.</p> <ul style="list-style-type: none"> • Where the Impact Occurs: Can occur during transactions with Business Partners, Government, and with 3rd-Party Suppliers / Service Providers. • The Organization's Involvement: Directly. 	<ul style="list-style-type: none"> ○ Business Partners. ○ Government. ○ 3rd-Party Suppliers / Contractors. 	<p>These policies encourage all employees to report any form of fraud or illegal activities committed by another employee regardless of rank.</p> <p>All employees and interfacing parties are made aware of such a policy at the outset.</p> <p>Copies of the above-mentioned policies may be found in the company website at https://anchorland.com.ph/company-policies/</p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p>Giving / receiving personal gifts or favors can lead to unfair business practices and unhealthy competition among suppliers.</p>	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: The organization itself. • Stakeholders Affected by the Impact: <ul style="list-style-type: none"> ○ Business Partners. ○ Government. ○ 3rd-Party Suppliers / Contractors. 	<p>Anchor Land prohibits employees from giving / receiving personal gifts or favors.</p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p>The company can strengthen its existing policies by furthering its culture of integrity at work.</p>	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: The organization itself. • Stakeholders Affected by the Impact: The organization's employees. 	<p>Anchor Land regularly reviews its anti-corruption policies to ensure their relevance and constantly reminds its employees on anti-corruption policies.</p> <p>Anchor Land also maintains a professional atmosphere in all its dealings with business partners, government, and contractors.</p>

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#

Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#
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What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> • Impact: Corruption creates an imbalance in resource allocation, which eventually creates a shadow economy. Ultimately, it impacts the local economy and compromises the company's contribution to <u>U.N. SDG # 16: Peace, Justice, and Strong Institutions</u>, since it also implies non-compliance with laws and regulations. • Where the Impact Occurs: Can occur during transactions with Business Partners, Government, and with 3rd-Party Suppliers / Service Providers. • The Organization's Involvement: Directly. 	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: The organization itself. • Stakeholders Affected by the Impact: <ul style="list-style-type: none"> ○ Business Partners. ○ Government. ○ 3rd-Party Suppliers / Contractors. 	<p>Anchor Land strictly upholds its <u>Conflict of Interests Policy</u>, <u>Whistleblowing Policy</u> and <u>Insider Trading Policy</u> and complies with national laws and regulations on anti-corruption.</p> <p>These policies encourage all employees to report any form of fraud or illegal activities committed by another employee regardless of rank.</p> <p>All employees and interfacing parties are made aware of such a policy at the outset.</p> <p>Copies of the above-mentioned policies may be found in the company website at https://anchorland.com.ph/company-policies/</p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Giving / receiving personal gifts or favors can lead to unfair business practices and unhealthy competition among suppliers.	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: The organization itself. • Stakeholders Affected by the Impact: <ul style="list-style-type: none"> ○ Business Partners. ○ Government. ○ 3rd-Party Suppliers / Contractors. 	Anchor Land prohibits employees from giving / receiving personal gifts or favors.

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The company can strengthen its existing policies by furthering its culture of integrity at work.	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: The organization itself. • Stakeholders Affected by the Impact: The organization's employees. 	<p>Anchor Land regularly reviews its anti-corruption policies to ensure their relevance and constantly reminds its employees on anti-corruption policies.</p> <p>Anchor Land also maintains a professional atmosphere in all its dealings with business partners, government, and contractors.</p>

ENVIRONMENT

Resource Management

Energy Consumption within the Organization

Disclosure	Quantity	Units
Energy consumption (renewable sources)	-	GJ
Energy consumption (gasoline)	604.00	GJ
Energy consumption (LPG)	59,033.13	GJ
Energy consumption (diesel)	214,521.37	GJ
Energy consumption (electricity)	9,736,448.96	kWh

Reduction of Energy Consumption

Disclosure	Quantity	Units
Energy consumption (gasoline)	-	GJ
Energy consumption (LPG)	-	GJ
Energy consumption (diesel)	-	GJ
Energy consumption (electricity)	185,608.40	kWh

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> • Impact: In particular, use of fossil fuels such as gas and diesel increases carbon emission, ultimately leading to climate change. It is also adverse to <u>U.N.</u> 	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: <ul style="list-style-type: none"> ○ Construction / Property Management Teams. ○ 3rd-Party Contractors. ○ Residents / Tenants. 	Anchor Land regularly monitors its energy usage on a monthly basis and finds ways to reduce its energy consumption.

<p>SDG # 7: Affordable and Clean Energy, since such energy sources are not considered clean and environmental.</p> <ul style="list-style-type: none"> • Where the Impact Occurs: During construction and property management. • The Organization's Involvement: Indirectly through 3rd-party contractors and residents / tenants. 	<ul style="list-style-type: none"> • Stakeholders Affected by the Impact: Community. 	
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Fossil fuels can run out and are thus not sustainable in the short-term. In the long-term, carbon emission which changes climate patterns can cause unpredictable events such as hurricanes and rising sea levels.	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: <ul style="list-style-type: none"> ○ Construction / Property Management Teams. ○ 3rd-Party Contractors. ○ Residents / Tenants. • Stakeholders Affected by the Impact: Community. 	Anchor Land uses experiential data to determine the project stages with high energy consumption levels, in order to address those stages accordingly.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
New technologies that can improve the company's energy efficiency are available.	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: <ul style="list-style-type: none"> ○ Construction / Property Management Teams. ○ 3rd-Party Contractors. ○ Residents / Tenants. • Stakeholders Affected by the Impact: Community. 	<p>Anchor Land is always on the lookout for new technologies that can save on energy consumption.</p> <p>For example, in <u>Centrium</u>, an LEED pre-certified Gold property, Anchor Land uses an energy-saving materials, equipment, and design that promote use of natural light.</p>

Water Consumption within the Organization

Disclosure	Quantity	Units
Water withdrawal	-	Cubic Meters
Water consumption	708,068.40	Cubic Meters
Water recycled and used	-	Cubic Meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> • Impact: Increased water consumption can hasten the current national threat of water shortage. If consumption becomes inefficient, it also contradicts <u>U.N. SDG # 6: Clean Water and Sanitation</u>. • Where the Impact Occurs: During construction and property management. • The Organization's Involvement: Indirectly through 3rd-party contractors and residents / tenants. 	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: <ul style="list-style-type: none"> ○ Construction / Property Management Teams. ○ 3rd-Party Contractors. ○ Residents / Tenants. • Stakeholders Affected by the Impact: Community. 	Anchor Land regularly monitors its water usage on a monthly basis and finds ways to reduce its water consumption.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Freshwater can run out. And water scarcity poses tremendous risk, primarily on health.	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: <ul style="list-style-type: none"> ○ Construction / Property Management Teams. ○ 3rd-Party Contractors. ○ Residents / Tenants. • Stakeholders Affected by the Impact: Community. 	<p>Anchor Land uses experiential data to determine project stages with high water consumption levels, in order to address those stages accordingly.</p> <p>Prospectively, Anchor Land has to improve further its water recycling capability, in order to remain sustainable.</p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
New technologies for improving the company's water consumption levels are available – wastewater recycling, for example.	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: <ul style="list-style-type: none"> ○ Construction / Property Management Teams. ○ 3rd-Party Contractors. ○ Residents / Tenants. • Stakeholders Affected by the Impact: Community. 	<p>Anchor Land is always on the lookout for new technologies that can improve its water consumption levels.</p> <p>For example, in <u>Centrium</u>, an LEED pre-certified Gold property, Anchor Land uses designs and fixtures that promote efficient usage of water.</p>

Materials Used by the Organization

Disclosure	Quantity	Units
Materials used by weight or volume		
• renewable	0**	kg/liters
• non-renewable	0**	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	0**	%

**The company currently does not have an efficient way of tracking materials by weight or volume, and whether recycled materials are used as inputs in the organization's products. Nonetheless, the company intends to put in place a good metric for subsequent reports.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> • Impact: Use of renewable materials and recycling can positively impact the environment and provide for a more efficient management of resources, aligned with <u>U.N. SDG # 12: Responsible Consumption and Production</u>. • Where the Impact Occurs: During construction and property management. • The Organization's Involvement: Indirectly through 3rd-party contractors. 	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: <ul style="list-style-type: none"> ○ Construction / Property Management Teams. ○ 3rd-Party Contractors. • Stakeholders Affected by the Impact: Community. 	Prospectively, Anchor Land intends to institutionalize recycling within the organization, particularly on Construction and Property Management (i.e., the direct contributors to its primary product).
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Materials are finite resources which can run out. However, recycled materials may impart a low-quality impression to customers.	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: <ul style="list-style-type: none"> ○ Construction / Property Management Teams. ○ 3rd-Party Contractors. • Stakeholders Affected by the Impact: <ul style="list-style-type: none"> ○ Customers / Clients. ○ Community. 	Anchor Land has ventured into an LEED project that promotes correct usage of materials during construction. In <u>Centrium</u> , for example, Anchor Land strictly collects and stores its recyclables, so it can prospectively track the reuse of its construction materials.

		On the other hand, Anchor Land shall need to educate its clients on the benefits of recycling.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The company can turn recycling into a marketing campaign, in pursuit of educating its clients.	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: Marketing Team. • Stakeholders Affected by the Impact: Customers / Clients. 	Anchor Land can prospectively turn itself into a steward of recycling. On top of recycling's positive impact to the company's economic sustainability, it also helps the environment in that it pre-supposes reduced use of materials.

Ecosystems and Biodiversity (whether in Upland/Watershed or Coastal/Marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas**	<ul style="list-style-type: none"> • Anchor Skysuites • Oxford Parksuites • One Soler • Princeview Parksuites • Anchor Grandsuites • Admiral Baysuites/Grandsuites/Hotel • MayFair Tower • Juan Luna Logistics • 8 Alonzo Parksuites • One Financial Center • One Legacy Grandsuites • Cornell Parksuites • Copeton Baysuites • Solemare Parksuites • Monarch Parksuites 	
Habitats protected and restored	N.A.	Hectares
IUCN17 Red List species and national conservation list species with habitats in areas affected by operations	N.A.	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> • Impact: Projects located near (or has access to) bodies of water can cause water pollution which can then impact marine 	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: <ul style="list-style-type: none"> ○ Construction / Property Management Teams. ○ 3rd-Party Contractors. 	Anchor Land maintains its sewage systems in order to ensure that the projects do not compromise marine life.

<p>biodiversity (U.N. SDG # 14: Life Below Water).</p> <ul style="list-style-type: none"> • Where the Impact Occurs: During construction and property management. • The Organization's Involvement: Indirectly through 3rd-party contractors and residents / tenants. 	<ul style="list-style-type: none"> ○ Residents / Tenants. • Stakeholders Affected by the Impact: Community. 	
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Laguna Lake, in particular, is an important fishery and source of irrigation. It is therefore unsustainable to compromise it, as it poses risk to food source.	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: <ul style="list-style-type: none"> ○ Construction / Property Management Teams. ○ 3rd-Party Contractors. ○ Residents / Tenants. • Stakeholders Affected by the Impact: Community. 	Anchor Land ensures that water treatment and sewage facilities are in place to protect natural waterways near the project.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There is an opportunity to formalize this into a campaign that raises awareness on protecting marine biodiversity.	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: Public Relations Team. • Stakeholders Affected by the Impact: Community. 	Anchor Land includes in its Corporate Social Responsibility (CSR) Programs the continued awareness on environmental protection. It can prospectively plan on creating a CSR program specifically for protecting marine biodiversity for a major body of water like Laguna Lake.

Environmental Impact Management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	0**	Tonnes CO2e
Energy indirect (Scope 2) GHG Emissions	0**	Tonnes CO2e
Emissions of ozone-depleting substances (ODS)	0**	Tonnes

**The company currently does not have reliable means of tracking its GHG emission inventory. The company intends to develop a way to measure emissions in order to present more comprehensive subsequent reports.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> • Impact: Greenhouse Gas impacts air quality and contributes to global warming, thus is related to both <u>U.N. SDG # 3: Good Health and Well-Being</u> and <u># 13: Climate Action</u>. • Where the Impact Occurs: In buildings during energy generation, particularly through use of fossil fuels. • The Organization's Involvement: Indirectly through 3rd-party contractors and residents / tenants. 	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: <ul style="list-style-type: none"> ○ Construction / Property Management Teams. ○ 3rd-Party Contractors. ○ Residents / Tenants. • Stakeholders Affected by the Impact: Community. 	Anchor Land intends to institutionalize reliable means of tracking its GHG inventory in order to properly manage it.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
In the short-term, compromising breathable air quality is a health concern. In the long-term, global warming poses immeasurable sustainability risk to ecosystems and societies.	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: <ul style="list-style-type: none"> ○ Construction / Property Management Teams. ○ 3rd-Party Contractors. ○ Residents / Tenants. • Stakeholders Affected by the Impact: Community. 	In particular, Anchor Land needs to further manage its use of fossil fuel by finding ways to consume less energy and exploring alternative means of energy generation.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
New technologies that can improve the company's energy efficiency and serve as alternate energy source are available.	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: <ul style="list-style-type: none"> ○ Construction / Property Management Teams. ○ 3rd-Party Contractors. ○ Residents / Tenants. • Stakeholders Affected by the Impact: Community. 	Anchor Land continues to study available technologies in the market to reduce its energy consumption, for instance, the use of e-vehicles.

Air Pollutants

Disclosure	Quantity	Units
NOx	0.0832	Kg
SOx	0.0605	Kg
Persistent organic pollutants (POPs)	0.00	Kg
Volatile organic compounds (VOCs)	0.00	Kg
Hazardous air pollutants (HAPs)	0.00	Kg
Particulate matter (PM)	0.00	Kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> • Impact: NOx and SOx emissions impact air quality, first and foremost, and contributes to global warming in the longer term. It covers both <u>U.N. SDG # 3: Good Health and Well-Being</u> and <u># 13: Climate Action</u>. • Where the Impact Occurs: During construction and property management. • The Organization's Involvement: Indirectly through 3rd-party contractors. 	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: <ul style="list-style-type: none"> ○ Construction / Property Management Teams. ○ 3rd-Party Contractors. • Stakeholders Affected by the Impact: Community. 	Anchor Land regularly monitors air quality in its construction sites and in properties that it manages, as a matter of practice.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Compromised air quality caused by deteriorating machines and equipment carries health hazards.	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: <ul style="list-style-type: none"> ○ Construction / Property Management Teams. ○ 3rd-Party Contractors. • Stakeholders Affected by the Impact: Community. 	Anchor Land constantly monitors and maintains machines and equipment used in its properties.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
New technologies and more modern machines that cause less emissions and air pollutants can be explored.	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: <ul style="list-style-type: none"> ○ Construction / Property Management Teams. ○ 3rd-Party Contractors. • Stakeholders Affected by the Impact: Community. 	<p>Anchor Land can invest in more modern, less maintainable, and better quality machines.</p> <p>Anchor Land also ensures continuous compliance with</p>

		<p>ECC requirements on the prevention of air pollution.</p> <p>For example, in The <u>Centrium</u>, an LEED pre-certified Gold property, Anchor Land uses low-emitting materials and thermal comfort designs while tracking air quality performance.</p>
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Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	1,628,906.80	kg
Reusable	3,403.60	kg
Recyclable	11,503.60	kg
Composted	-	kg
Incinerated	-	kg
Residuals/Landfilled	-	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> • Impact: Improper disposal of solid waste causes soil, water, and air contamination, which in turn impacts health (<u>U.N. SDG # 3: Good Health and Well-Being</u>). • Where the Impact Occurs: Mostly during construction. • The Organization's Involvement: Indirectly through 3rd-party contractors. 	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: <ul style="list-style-type: none"> ○ Construction Team. ○ 3rd-Party Contractors. • Stakeholders Affected by the Impact: Community. 	<p>Anchor Land strictly requires the General Contractor to properly manage their waste generation and disposal during construction.</p>

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Construction waste, if left unchecked, can pose hazard to health and then the environment.	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: <ul style="list-style-type: none"> ○ Construction Team. ○ 3rd-Party Contractors. • Stakeholders Affected by the Impact: Community. 	Anchor Land strictly monitors the implementation of the General Contractor's waste management plan. The General Contractor is required to prepare such plan and provide the proper facility to implement it.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There is an opportunity to be LEED-compliant for this item. LEED has a Construction Waste Management Plan that provides a specific set of guidelines to properly manage waste.	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: <ul style="list-style-type: none"> ○ Construction Team. ○ 3rd-Party Contractors. • Stakeholders Affected by the Impact: Community. 	<p>Anchor Land shall continue to evaluate the use of LEED guidelines for its projects.</p> <p>Anchor Land also ensures continuous compliance with ECC requirements on proper disposal of waste.</p>

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	1,951.26	kg
Total weight of hazardous waste transported	-	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> • Impact: Improper disposal of hazardous waste impacts health (<u>U.N. SDG # 3: Good Health and Well-Being</u>). • Where the Impact Occurs: Mostly during construction. • The Organization's Involvement: Indirectly through 3rd-party contractors. 	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: <ul style="list-style-type: none"> ○ Construction Team. ○ 3rd-Party Contractors. • Stakeholders Affected by the Impact: Community. 	Anchor Land strictly requires the General Contractor to properly manage their waste generation and disposal during construction.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
If improperly disposed, hazardous waste causes severe impact to health – cancer, for one.	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: <ul style="list-style-type: none"> ○ Construction Team. ○ 3rd-Party Contractors. • Stakeholders Affected by the Impact: Community. 	Anchor Land strictly monitors the implementation of the General Contractor's waste management plan. The General Contractor is required to prepare such plan and provide the proper facility to implement it.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There is an opportunity to be LEED-compliant for this item. LEED has a Construction Waste Management Plan that provides a specific set of guidelines to properly manage waste.	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: <ul style="list-style-type: none"> ○ Construction Team. ○ 3rd-Party Contractors. • Stakeholders Affected by the Impact: Community. 	<p>Anchor Land shall continue to evaluate the use of LEED guidelines for its projects.</p> <p>Anchor Land also ensures continuous compliance with ECC requirements on proper disposal of waste.</p>

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	353,764.40	Cubic Meters
Percent of wastewater recycled	-	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> • Impact: If untreated, effluents can be a hazard to marine life (U.N. SDG # 14: Life below Water). • Where the Impact Occurs: During construction and project management. • The Organization's Involvement: Indirectly through 3rd-party contractors and residents / tenants. 	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: <ul style="list-style-type: none"> ○ Construction / Property Management Teams. ○ 3rd-Party Contractors. ○ Residents / Tenants. • Stakeholders Affected by the Impact: Community. 	<p>Anchor Land follows a set of guidelines on proper management of effluents and discharge.</p> <p>Prospectively, Anchor Land has to come up with a mechanism for recycling wastewater. As a side effect, recycling also improves the company's water efficiency.</p>

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Untreated wastewater is a hazard to marine life. In the longer term, it can adversely affect food source.	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: <ul style="list-style-type: none"> ○ Construction / Property Management Teams. ○ 3rd-Party Contractors. ○ Residents / Tenants. • Stakeholders Affected by the Impact: Community. 	Anchor Land conducts periodic monitoring and maintenance of its sewage treatment plants.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
There is an opportunity to formalize the management of effluents, through re-use of existing guidelines such as <u>DENR Administrative Order (DAO) 2016-08</u> .	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: <ul style="list-style-type: none"> ○ Construction / Property Management Teams. ○ 3rd-Party Contractors. ○ Residents / Tenants. • Stakeholders Affected by the Impact: Community. 	<p>Anchor Land ensures that all properties comply with <u>DENR Administrative Order (DAO) 2016-08</u>, the country's water quality and effluent guidelines.</p> <p>Anchor Land also ensures continuous compliance with ECC requirements on the management of effluents.</p>

Environmental Compliance

Non-Compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> • Impact: Non-compliance with environmental laws and regulations directly impacts the general environment, as such laws exist for the environment's protection. As an aside, it 	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: <ul style="list-style-type: none"> ○ Construction / Property Management Teams. ○ 3rd-Party Contractors. ○ Government, particularly DENR. 	Anchor Land requires strict enforcement of regulations to ensure that its projects comply with all applicable laws and regulations.

<p>also compromises the company's contribution to U.N. <u>SDG # 16: Peace, Justice, and Strong Institutions.</u></p> <ul style="list-style-type: none"> • Where the Impact Occurs: During construction and property management. • The Organization's Involvement: Direct Involvement. 	<ul style="list-style-type: none"> • Stakeholders Affected by the Impact: Community. 	
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p>Non-compliance with environmental laws and regulations can damage an area's biodiversity.</p>	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: <ul style="list-style-type: none"> ○ Construction / Property Management Teams. ○ 3rd-Party Contractors. ○ Government, particularly DENR. • Stakeholders Affected by the Impact: Community. 	<p>Anchor Land remains mindful of the communities into which it enters. In particular, it never intends to cause environmental disruption in the communities. It maintains good relationship with all appropriate government agencies in all locations it enters.</p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p>There is an opportunity to improve relationship with the relevant government agency, for closer guidance on laws and regulations.</p>	<ul style="list-style-type: none"> • Stakeholders that Cause / Influence the Impact: <ul style="list-style-type: none"> ○ Construction / Property Management Teams. ○ 3rd-Party Contractors. ○ Government, particularly DENR. • Stakeholders Affected by the Impact: Community. 	<p>Anchor Land already maintains good relationship with the proper government agencies, such as DENR, through the Corporate Affairs Team. The property management teams also faithfully comply with the requirements mandated by the ECC and the DENR for the environment's protection.</p>

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee Data

Disclosure	Quantity	Units
Total number of employees	399	#
a. Number of female employees	202	#
b. Number of male employees	197	#
Attrition rate	2.79%	Rate
Ratio of lowest paid employee against minimum wage	0	Ratio

List of Benefits	Y/N	% of Female Employees Who Availd for the Year	% of Male Employees Who Availd for the Year
SSS			
SSS Sickness	Yes	6.93	6.09
SSS Maternity	Yes	3.96	0.00
SSS Loan	Yes	12.87	15.74
SSS Calamity Loan	Yes	10.89	6.09
Philhealth			
Hospitalization/ In-patient & Out Patient	Yes	3.96	0.00
Pag-Ibig			
Pag-Ibig Loan Multi-Purpose	Yes	11.39	13.20
Pag-Ibig Loan Calamity	Yes	0.99	1.52
Parental Leaves	Yes	2.48	0.51
Vacation Leaves	Yes	100.00	100.00
Sick Leaves	Yes	100.00	100.00
Others: Bereavement Assistance	Yes	0.50	1.02
Others: Calamity Assistance	Yes	0.50	0.00
Medical benefits (aside from PhilHealth)	Yes	82.18	94.92
Housing assistance (aside from Pag-Ibig)	No	N.A.	N.A.
Retirement fund (aside from SSS)	No	N.A.	N.A.

Further education support	No	N.A.	N.A.
Company stock options	No	N.A.	N.A.
Telecommuting	Yes	80.20	83.25
Flexible-working Hours	No	N.A.	N.A.
(Others)	No	N.A.	N.A.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<ul style="list-style-type: none"> • Impact: A motivated and productive workforce positively impacts the company's growth, thereby contributing to <u>U.N. SDG # 8: Decent Work and Economic Growth</u>. • Where the Impact Occurs: During employees' tenure in the company. • The Organization's Involvement: Directly through Management, in coordination with Human Resources. 	Anchor Land provides competitive compensation and benefits to its employees.
What are the Risk/s Identified?	Management Approach
Despite the competitive compensation and benefits, employees may still look for employment elsewhere for better opportunities or career growth. Essentially, increase in the attrition rate is a risk.	Anchor Land conducts Annual Performance Assessment for each employee to provide them feedback on their performance and to establish future goals. This also serves as basis for salary increases, bonuses, and/or promotion. For exiting employees, it also conducts Exit Interviews.
What are the Opportunity/ies Identified?	Management Approach
The company can explore a retention program for employees, especially those with good talent.	Study to improve existing compensation package and benefits and continuously train everyone to be better performer.

Disclosure	Quantity	Units
Total training hours provided to employees	318	Hours
a. Female employees	120	Hours
b. Male employees	198	Hours
Average training hours provided to employees		
a. Female employees	3	hours/employee
b. Male employees	6.8	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<ul style="list-style-type: none"> • Impact: A skilled workforce, ultimately contributing to <u>U.N. SDG # 4: Quality Education</u>. • Where the Impact Occurs: During the employees' tenure in the company. 	Anchor Land values the continuing education of its employees, as it ultimately contributes to the company's successful implementation of its mission and vision, as well as improve the skills set and supplement the achievements of its employees, thereby increasing their worth.

<ul style="list-style-type: none"> • The Organization's Involvement: Directly through Management, in coordination with Human Resources. 	
What are the Risk/s Identified?	Management Approach
Lack of proper training causes poor delivery, dated skills, and lack of growth for the employee. Training therefore is more sustainable, and contributes greatly to the employees' skills and performance which would ultimately benefit the company.	Create 3-year training program to address soft skills of high potentials for future leadership requirements of the Company.
What are the Opportunity/ies Identified?	Management Approach
A training program tailored for each department / employee is in order.	Anchor Land needs to institutionalize training as part of its corporate culture.

Labor Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<ul style="list-style-type: none"> • Impact: A venue for discussing employee concerns, compensation and benefits included, impacts productivity and attrition and ultimately, <u>U.N. SDG # 8: Decent Work and Economic Growth</u>. • Where the Impact Occurs: During employees' tenure in the company. • The Organization's Involvement: Directly through Management, in coordination with Human Resources. 	Anchor Land does not have a Collective Bargaining Agreement with its employees. In place of which, employees are made aware at the outset that they may raise any concern with their immediate head and/or the Human Resources.
What are the Risk/s Identified?	Management Approach
The lack of a formal organization or venue for employees to bring up their concerns may be a concern for some looking for employment.	Anchor Land maintains a culture wherein employees can freely raise their grievances.
What are the Opportunity/ies Identified?	Management Approach
In place of a CBA or a union, the company may appoint a dedicated point person or a committee to which employees can bring up their concerns.	Anchor Land can explore appointing an employee relations officer or committee in the Human Resources Department.

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	52.08	%
% of male workers in the workforce	47.92	%
Number of employees from indigenous communities and/or vulnerable sector*	5	#

*Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<ul style="list-style-type: none"> • Impact: Diversity in workforce positively impacts the general community. It contributes to <u>U.N. SDP #5 Gender Equality</u> and <u>#10 Reduced Inequality</u>. • Where the Impact Occurs: During employees' tenure in the company. • The Organization's Involvement: Directly through Management, in coordination with Human Resources. 	Anchor Land hires based on qualifications and not on gender, race, or age. It has a non-discriminatory hiring and on-boarding process, providing equal opportunity to everyone.
What are the Risk/s Identified?	Management Approach
Lack of diversity can mean a very linear and singular source of ideas. Moreover, bias may prevent the company from hiring the person with the best fit for a position.	Anchor Land's hiring process and recognition program are based on qualifications and performance.
What are the Opportunity/ies Identified?	Management Approach
A more formal diversity program can be explored.	Anchor Land can explore creating a more robust policy that encourages it to hire an even more diverse set of people.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	100%*	Man-hours (in %)
No. of work-related injuries	0*	#
No. of work-related fatalities	0*	#
No. of work related ill-health	0*	#
No. of safety drills	0*	#

*Pertains to employees under the company's direct employ only, until the company puts in place a reliable means of tracking second-order employees (e.g., those employed by 3rd-party contractors).

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<ul style="list-style-type: none"> • Impact: Minimizes loss (or compromise) of life, thereby contributing to <u>U.N. SDP #3: Good Health and Well-Being</u>. • Where the Impact Occurs: In the course of the company's business. • The Organization's Involvement: Directly. 	Anchor Land promotes the well-being and safety of its employees by means of relevant policies on safety and health protocols.
What are the Risk/s Identified?	Management Approach
Loss (or compromise) of life, particularly in the course of physical work such as construction, is the ultimate risk.	While Anchor Land's does not have authority and control over construction workers as they are not directly under its employ, Anchor Land requires the General Contractors to strictly comply with Occupational Safety and Health Standards to ensure protection of the workers in its projects.
What are the Opportunity/ies Identified?	Management Approach
A more formal program for health and safety of workers, from employees to second-order workers (e.g., employees of General Contractors)	Anchor Land can explore making the relevant policies even more comprehensive.

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, Cite Reference in the Company Policy
Forced Labor	No	No written policy, but explicitly disallowed. All employees voluntarily applied to the Company and went through the proper hiring process.
Child Labor	No	No written policy, but explicitly disallowed. There has been no instance where the Company hired a minor.

Human Rights	Yes	Sexual Harassment Workplace Policy Program HIV AIDS Workplace Policy Program Hepatitis B Workplace Policy Program Tuberculosis Workplace Policy Program Copies of the policies are available at https://www.anchorland.com.ph/company-policies/
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*Anchor Land complies with all applicable laws and regulations in relation to forced and child labor, despite not having written policies that prohibit them. Anchor Land is against forced or child labor and ensures that the company, as well as its partner contractors, do not practice such.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<ul style="list-style-type: none"> • Impact: Compliance with labor laws and protection of human rights impact employees and the general communities' well-being, both legally and morally. Related to U.N. <u>SDG # 16: Peace, Justice, and Strong Institutions</u>. • Where the Impact Occurs: In the course of the company's business. • The Organization's Involvement: Directly. 	Anchor Land ensures its commitment to uphold human rights through the different company policies in place to provide safe, healthy and discrimination-free work environment. Any illegal practice, such as child labor and forced labor, is completely unacceptable.
What are the Risk/s Identified?	Management Approach
External parties such as suppliers, contractors or third-party providers may not have the same level of commitment to abide by labor laws and human rights legislation and regulations.	Anchor Land ensures to engage only those external parties with the same level of commitment to uphold labor laws and human rights by conducting due diligence or background checks.
What are the Opportunity/ies Identified?	Management Approach
There is an opportunity to formalize further the company's upholding of labor laws and human rights, for instance, by creating an even more robust set of policies and guidelines.	Anchor Land can explore making the relevant policies even more comprehensive.

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy: The Company's Supplier Accreditation Policy has been drafted and is for approval by the Board of Directors.

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, Cite Reference in the Company Policy
Environmental performance	Yes	No written policy yet; the draft policy is for approval by the Board of Directors.
Forced labor	Yes	No written policy yet; the draft policy is for approval by the Board of Directors.
Child labor	Yes	No written policy yet; the draft policy is for approval by the Board of Directors.
Human rights	Yes	No written policy yet; the draft policy is for approval by the Board of Directors.
Bribery and corruption	Yes	Conflict of Interests Policy Policy on Material Related Party Transactions Copies of the policies are available at https://anchorland.com.ph/company-policies/

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<ul style="list-style-type: none"> • Impact: Requiring that suppliers have a good history of abiding by these laws and regulations ensures their propriety and integrity. Ultimately, it contributes to <u>U.N. SDG # 16: Peace, Justice, and Strong Institution.</u> • Where the Impact Occurs: During procurement. • The Organization's Involvement: Directly through the Procurement Team. 	Anchor Land ensures that all suppliers undergo accreditation and that they submit all legal documents pertaining to their operations prior to submitting their bids or proposals.
What are the Risk/s Identified?	Management Approach
There is a negative social effect of being in association with faulting suppliers.	Anchor Land conducts factory / shop visits during supplier accreditation, to get a sense of their propriety. Then validates the same during their delivery of their product / service.
What are the Opportunity/ies Identified?	Management Approach
A more formal and comprehensive policy on vendor accreditation is in order.	Anchor Land is already in progress of formalizing its accreditation policy.

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impact on local communities (exclude CSR projects; this has to be business operations)	<u>Central Link</u> : A mixed-use commercial project under a Public-Private Partnership (PPP) scheme with the City Government of Parañaque. 2020 Update: Construction is in full swing.
Location	Parañaque City
Vulnerable groups (if applicable)*	The employment of Class D and E, among others
Does the particular operation have impacts on indigenous people (Y/N)?	No
Collective or individual rights that have been identified that or particular concern for the community	An entire building in Central Link shall be allocated to the City Government, partly for their Satellite City Hall, addressing the citizens' (and non-citizens') need of speedy government transactions and police / rescue response.
Mitigating measures (if negative) or enhancement measures (if positive)	<u>Enhancement measure</u> : The project shall have a commercial segment which will further improve employment in the local community.

*Vulnerable sectors include children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: Not Applicable

Disclosure	Quantity	Units
FPIC process is still undergoing	N.A.	#
CP secured	N.A.	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Anchor Land project developments do not affect any indigenous people/community.	N.A.
What are the Risk/s Identified?	Management Approach
No risks are involved or identified with regard to indigenous people/community.	N.A.
What are the Opportunity/ies Identified?	Management Approach
Anchor Land intends to protect and secure the informed consent of indigenous	N.A.

people/community in the event it has a project that will involve them.	
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Customer Management

Customer Satisfaction

Disclosure	Score	Did a Third Party Conduct the Customer Satisfaction Study? (Y/N)
Customer Satisfaction	No measurement has been established.*	No

*Anchor Land provides customer feedback through various platforms. However, the company is still in the process of putting-up a capability to properly quantify and monitor the satisfaction of its buyers / lessees, in pursuit of having a metric ready in the subsequent reports.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<ul style="list-style-type: none"> • Impact: Measuring customer satisfaction impacts how the company properly addresses customer concerns and improves the products and services being offered. • Where the Impact Occurs: From selling, to turnover, to product use. • The Organization's Involvement: Directly through Sales / Turnover / Customer Service / Property Management Teams. 	Anchor Land has a central channel for all types of concerns of its clientele. Its Customer Service team promptly evaluates and resolves customer concerns. All these contribute to customer satisfaction.
What are the Risk/s Identified?	Management Approach
Customer dissatisfaction, whether founded or not, can adversely affect the company's social value. Compromise of which can then adversely affect the company's long-term sustainability.	Anchor Land has a tracker in place for all feedback provided by its customers, which includes both their concerns and what they like about the company's products and services. The company, on the other hand, still needs to roll out a survey to quantify and gauge its customers' satisfaction, and to better manage customers' feedback.
What are the Opportunity/ies Identified?	Management Approach
An improved and quantifiable customer complaints and feedback mechanism to ensure customer satisfaction.	Since it maintains a tracker for customer feedback, Anchor Land can further explore implementing a customer satisfaction survey to further improve products and services and provide over-all customer satisfaction.

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	N.A.	#

*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<ul style="list-style-type: none"> • Impact: Minimizes loss (or compromise) of life, thereby contributing to <u>U.N. SDP #3: Good Health and Well-Being</u>. • Where the Impact Occurs: From construction to property management • The Organization's Involvement: Directly. 	Anchor Land mindfully and carefully plans and executes its units / commercial areas for the residents' / tenants' health and safety. For example, each unit is equipped with fire extinguishers, which is regularly replaced. All property management offices have their own first aid kits in case of any medical emergency within the property.
What are the Risk/s Identified?	Management Approach
Customers' perception of compromised health and safety can adversely affect the sustainability of the company's business.	Anchor Land sees to it that its units / commercial areas do not pose any health and safety hazards by putting up warnings and making available safety-related items.
What are the Opportunity/ies Identified?	Management Approach
The company can turn its high performance on health and safety into a marketing campaign.	Anchor Land can add "healthy and safe" developments as part of its corporate image.

Marketing and Labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	0	#

*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<ul style="list-style-type: none"> • Impact: Inaccurate marketing adversely affects clients' trust. • Where the Impact Occurs: From marketing to unit construction / delivery. • The Organization's Involvement: Directly through Marketing, Construction, and all teams in between 	Anchor Land ensures that its Marketing correctly represents its products and that the contractors immediately rectifies the issues raised by customers, if any.
What are the Risk/s Identified?	Management Approach
Aside from social sustainability risks related to trust, inaccurate marketing can cause deferred unit acceptance, repair costs, and possible buy-back.	Anchor Land can improve the alignment between what is being communicated by its Marketing Team and what is being delivered by the project delivery team, no matter how minor.
What are the Opportunity/ies Identified?	Management Approach
Better alignment from marketing to construction.	Anchor Land can explore setting up a task force team composed of Marketing, Design, and Construction representatives, to ensure alignment on the products.

Customer Privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users, and account holders whose information is used for secondary purposes	0	#

*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<ul style="list-style-type: none"> • Impact: Any unwarranted use/disclosure of customer information may negatively affect both the customer and the company. • Where the Impact Occurs: Anywhere in the organization. • The Organization's Involvement: Directly. 	Anchor Land values the privacy and confidentiality of the personal data of its clients, customers, employees, partners and other stakeholders. Anchor Land commits itself to implement policies, practices and processes in compliance with the data privacy act (DPA), National Privacy Commission (NPC) issuances, and other related laws.
What are the Risk/s Identified?	Management Approach
Employees' lack of awareness regarding data privacy and security may hinder company's	Anchor Land created a privacy policy which informs clients, customers, employees, partners, and other stakeholders on what personal data

effort to be fully compliant with data privacy laws.	we collect, how we collect, use, disclose, process, protect and retain personal data in our possession.
What are the Opportunity/ies Identified?	Management Approach
Strengthening data privacy and security awareness among the company's clients, customers, employees, partners, and other stakeholders.	Anchor Land implements an internal communication campaign, which raises awareness of the importance of privacy and security through internal communications, events, and activities.

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<ul style="list-style-type: none"> • Impact: Any unwarranted use/disclosure of customer information may negatively affect both the customer and the company. • Where the Impact Occurs: Anywhere in the organization. • The Organization's Involvement: Directly. 	Anchor Land uses secure servers, firewall, encryptions, and other security controls. Only qualified authorized personnel are given access to process personal data. Third-party personnel or organization commissioned to process personal information is required to execute confidentiality agreement and observe our privacy policy.
What are the Risk/s Identified?	Management Approach
Considering the ever-changing digital landscape, there is a possibility of a more sophisticated cyber-attacks against the company.	Anchor Land continuously monitors changes, amendments of the DPA, issuances of the NPC and other related laws, and best practices related to data protection.
What are the Opportunity/ies Identified?	Management Approach
There is an opportunity to improve cyber-security program of the company to equip itself with better capability of managing possible cyber-security threats.	Anchor Land can roll out a cyber-security awareness and training for its employees, especially to its IT personnel.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
<u>The Centrium</u> LEED Pre-Certified Gold	<u>SDG # 9: Affordable and Clean Energy</u> The Centrium uses an energy-saving technology that promotes use of natural light.	All hazards mentioned in the Disclosure Topics related to construction and use of real estate projects, particularly the loss of life resulting from construction.	The Company conducts site visits, strict monitoring and audit to ensure presence of the necessary safety officers that does strict implementation of the Safety and Health Standards.
<u>Central Link</u> Commercial Mixed-Use Project	<u>SDG # 1: No Poverty</u> and <u>SDG # 8: Decent Work and Economic Growth</u> The project can potentially generate many jobs, particularly for Paranaque City citizens.	All hazards mentioned in the Disclosure Topics related to construction and use of real estate projects, particularly the loss of life resulting from construction.	The Company conducts site visits, strict monitoring and audit to ensure presence of the necessary safety officers that does strict implementation of the Safety and Health Standards.