

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

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COMPANY NAME

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D	I	A	R	I	E	S																							

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

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Form Type	Department requiring the report	Secondary License Type, If Applicable													
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COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
	918-8188	
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
5,645	Every 2nd to the last Friday of April Each Year	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Venus A. Mejia	venus.mejia@filinvestgroup.com	918-8188	

CONTACT PERSON'S ADDRESS

79 EDSA, Brgy. Highway Hills, Mandaluyong 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.



INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Filinvest Land, Inc.
79 EDSA, Brgy. Highway Hills
Mandaluyong City

Opinion

We have audited the accompanying consolidated financial statements of Filinvest Land, Inc. (the Parent Company) and its subsidiaries (collectively referred to as “the Group”), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of income, 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 financial position of the Group as at December 31, 2020 and 2019, and its financial performance and its cash flows for 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.

Accounting for Rental Concessions

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Group waived its right to collect rent and other charges from the lessees of its commercial spaces. The Group assessed that the rental concessions it granted to lessees do not qualify as lease modifications since the terms and conditions under the corresponding lease contracts have not been modified by the waiver. The Group accounted for the rental concessions in the form of negative variable rent which the Group recorded when the concession is granted regardless of the period to which the concession pertains. The Group's accounting of the rental concession under PFRS 16 is significant to our audit because the Group has a high volume of rental concessions granted during the period; the recorded amounts are material to the consolidated financial statements; and accounting for rental concession involves application of significant judgement in determining whether the rental concession will be accounted for as lease modification.

Refer to Notes 2 and 3 to the consolidated financial statements for the disclosures about rental concessions.

Audit Response

We obtained an understanding of the type, extent and periods covered of the rental concessions granted by the Group, including the determination of the population of the lease contracts covered by the rental concession granted by the Group during the period.

We tested the population of lease agreements covered by the rental concession by comparing the lessees in the calculation of the financial impact prepared by the management with the list of lessees granted with rent concession per operations report.

We inspected the communications of the Group in connection with the rental concessions granted to the lessees and, on a test basis, traced these terms and conditions to the calculation of the financial impact of rental concession prepared by the management. We test computed the rental concession impact prepared by management on a sample basis.

We obtained management assessment, and a legal opinion from the Group's internal legal counsel supporting the assessment that the rental concession granted does not qualify as a lease modification. We involved our internal specialist in evaluating the legal basis supporting the management assessment and legal position.



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: (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 in determining real estate revenue; (3) determination of the actual costs incurred as cost of sales; and (4) recognition of costs 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 (buyer's equity) in relation to the total contract price. Collectability is also assessed by considering factors such as past history with buyers, age of residential and office development receivables and pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs, after considering the impact of coronavirus pandemic, if it would still support its current threshold of buyer's 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 project engineers and managers.

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

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

Refer to Note 6 to the consolidated financial statements for the disclosures on revenue recognition.

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 level of cancellations during the year.

In determining revenue from real estate sales, we obtained an understanding of the Group's processes for determining POC under the output method and performed tests of relevant controls. We obtained certified POC reports prepared by internal project engineers for mid-rise real estate development and third-party project managers for high-rise real estate development. We assessed the competence and objectivity of the project engineers and managers 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 period, and obtained supporting details of POC reports.



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

For the recognition of costs to obtain a contract, we obtained an understanding of the sales commission process. For selected contracts, we agreed the basis for calculating 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.

Recoverability of Goodwill

Under PFRSs, the Group is required to test the amount of goodwill for impairment at least annually. As of December 31, 2020, goodwill attributable to the Festival Supermall structure, Filinvest Asia Corporation and Cyberzone Properties, Inc., which are considered significant, amounted to 4,567.24 million. Management's assessment process requires significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty due to the current economic conditions which have been impacted by the coronavirus pandemic, specifically revenue growth rates, gross margins, discount rates and terminal growth rates.

Refer to Notes 3 and 4 to the consolidated financial statements for the disclosures about goodwill.

Audit Response

We involved our internal specialist in evaluating the methodology and the assumptions used. These assumptions include revenue growth rates, gross margins, discount rates and terminal growth rates.

We compared the key assumptions used, such as revenue growth rates against the historical performance of the cash-generating units and relevant external data, taking into consideration the impact associated with the coronavirus pandemic. We tested the parameters used in the determination of the discount rates against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically, those that have the most significant effect on the determination of the recoverable amount of goodwill.

Other Information

Management is responsible for Other Information. Other Information comprises the information included in 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. 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 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 such 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
Wanessa G. Salvador.

SYCIP GORRES VELAYO & CO.



Wanessa G. Salvador

Partner

CPA Certificate No. 0118546

Accreditation No. 118546-SEC (Group A),

Valid to cover audit of 2019 to 2023

financial statements of SEC covered institutions

Tax Identification No. 248-679-852

BIR Accreditation No. 08-001998-137-2020,

January 31, 2020, valid until January 30, 2023

PTR No. 8534358, January 4, 2021, Makati City

March 9, 2021



FILINVEST LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands of Pesos)

	December 31	
	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 7, 20 and 30)	₱6,693,557	₱4,773,621
Contracts receivables (Notes 6, 8 and 30)	4,156,939	1,446,192
Contract assets (Notes 6 and 30)	5,400,329	5,998,421
Other receivables (Notes 9 and 30)	3,362,183	3,175,045
Real estate inventories (Note 10)	65,544,567	63,018,436
Other current assets (Notes 6 and 11)	4,637,141	4,388,484
Total Current Assets	89,794,716	82,800,199
Noncurrent Assets		
Contract assets - net of current portion (Notes 6 and 30)	3,533,733	7,117,321
Investments in associates (Note 12)	4,787,787	4,170,682
Investment properties (Notes 3 and 13)	69,264,957	66,461,060
Property and equipment (Note 14)	3,348,145	3,288,718
Deferred income tax assets (Note 28)	82,405	52,435
Goodwill (Note 4)	4,567,242	4,567,242
Other noncurrent assets (Note 16)	5,626,161	5,238,774
Total Noncurrent Assets	91,210,430	90,896,232
TOTAL ASSETS	₱181,005,146	₱173,696,431
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 17 and 30)	13,117,027	₱13,164,864
Contract liabilities (Note 6)	1,249,050	972,758
Lease liabilities - current portion (Note 15)	328,796	318,119
Due to related parties (Notes 20 and 30)	112,021	100,779
Income tax payable	29,022	142,736
Current portion of loans payable (Notes 18, 26 and 30)	8,866,369	6,887,481
Current portion of bonds payable (Notes 19, 26 and 30)	5,294,517	4,294,644
Total Current Liabilities	28,996,802	25,881,381

(Forward)



	December 31	
	2020	2019
Noncurrent Liabilities		
Loans payable - net of current portion (Notes 18, 26 and 30)	₱29,238,654	₱28,640,752
Bonds payable - net of current portion (Notes 19, 26 and 30)	26,369,011	23,590,043
Contract liabilities - net of current portion (Note 6)	767,219	779,648
Lease liabilities - net of current portion (Note 15)	5,824,164	5,551,945
Net retirement liabilities (Notes 3 and 25)	580,119	512,442
Deferred income tax liabilities - net (Note 28)	6,513,036	6,512,613
Accounts payable and accrued expenses - net of current portion (Notes 17 and 30)	8,337,198	10,063,314
Total Noncurrent Liabilities	77,629,401	75,650,757
Total Liabilities	106,626,203	101,532,138
Equity		
Common stock (Note 26)	24,470,708	24,470,708
Preferred stock (Note 26)	80,000	80,000
Additional paid-in capital	5,612,321	5,612,321
Treasury stock (Note 26)	(221,041)	(221,041)
Retained earnings (Note 26)		
Unappropriated	38,776,186	41,661,647
Appropriated	5,000,000	-
Revaluation reserve on financial assets at fair value through other comprehensive income	(2,619)	(2,619)
Remeasurement losses on retirement plan - net of tax (Note 25)	(15,136)	(24,285)
Share in other components of equity of associates (Note 12)	372,449	361,794
Equity attributable to equity holders of the parent	74,072,868	71,938,525
Noncontrolling interests (Note 2)	306,075	225,768
Total Equity	74,378,943	72,164,293
TOTAL LIABILITIES AND EQUITY	₱181,005,146	₱173,696,431

See accompanying Notes to Consolidated Financial Statements.



FILINVEST LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands of Pesos, Except Earnings Per Share Figures)

	Years Ended December 31		
	2020	2019	2018
REVENUE			
Real estate sales (Note 6)	₱9,837,122	₱17,013,120	₱14,404,201
Rental and related services (Notes 6, 13, 15 and 16)	6,386,219	7,008,742	5,608,258
Total revenue	16,223,341	24,021,862	20,012,459
EQUITY IN NET EARNINGS OF ASSOCIATES (Note 12)			
	516,450	401,525	537,017
OTHER INCOME			
Interest income (Notes 7, 8, 20 and 23)	404,142	571,701	977,290
Others - net (Notes 20 and 24)	340,713	678,222	678,419
	17,484,646	25,673,310	22,205,185
COSTS			
Real estate sales (Note 10)	5,586,834	9,853,871	8,339,208
Rental and related services (Notes 13 and 16)	1,008,333	1,128,410	1,130,507
OPERATING EXPENSES			
General and administrative expenses (Note 21)	2,243,604	2,474,723	2,322,060
Selling and marketing expenses (Note 22)	1,078,274	1,448,573	1,442,587
INTEREST AND OTHER FINANCE CHARGES (Notes 18, 19 and 23)			
	3,189,462	2,492,965	1,192,441
	13,106,507	17,398,542	14,426,803
INCOME BEFORE INCOME TAX	4,378,139	8,274,768	7,778,382
PROVISION FOR INCOME TAX (Note 28)	420,389	1,754,968	1,702,509
NET INCOME	₱3,957,750	₱6,519,800	₱6,075,873
Net income attributable to:			
Equity holders of the parent	₱3,733,443	₱6,283,634	₱5,894,408
Noncontrolling interest	224,307	236,166	181,465
	₱3,957,750	₱6,519,800	₱6,075,873
Basic/Diluted Earnings Per Share (Note 27)	₱0.15	₱0.26	₱0.24

See accompanying Notes to Consolidated Financial Statements.



FILINVEST LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands of Pesos)

	Years Ended December 31		
	2020	2019	2018
NET INCOME	₱3,957,750	₱6,519,800	₱6,075,873
OTHER COMPREHENSIVE INCOME			
Other comprehensive income not to be reclassified to profit or loss			
Remeasurement gains on retirement plan, net of tax (Notes 25 and 28)	9,149	124,296	6,755
Remeasurement gain from an associates investment	10,655	–	–
	19,804	124,296	6,755
TOTAL COMPREHENSIVE INCOME	₱3,977,554	₱6,644,096	₱6,082,628
Total comprehensive income attributable to:			
Equity holders of the parent	₱3,753,247	₱6,407,930	₱5,901,163
Noncontrolling interest	224,307	236,166	181,465
	₱3,977,554	₱6,644,096	₱6,082,628

See accompanying Notes to Consolidated Financial Statements.



FILINVEST LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands of Pesos)

	Attributable to Equity Holders of the Parent										Noncontrolling Interest	Total Equity
	Common Stock (Note 26)	Preferred Stock (Note 26)	Additional Paid-in Capital	Treasury Stock (Note 26)	Unappropriated Retained Earnings (Note 26)	Appropriated Retained Earnings (Note 26)	Revaluation Reserve on Financial Assets at FVOCI (Note 16)	Remeasurement Losses on Retirement Plan (Note 25)	Share in Other Components of Equity of an Associate (Note 12)	Total		
	For the Year Ended December 31, 2020											
Balances as at January 1, 2020	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱41,661,647	₱-	(₱2,619)	(₱24,285)	₱361,794	₱71,938,525	₱225,768	₱72,164,293
Net income	-	-	-	-	3,733,443	-	-	-	-	3,733,443	224,307	3,957,750
Other comprehensive income	-	-	-	-	-	-	-	9,149	10,655	19,804	-	19,804
Total comprehensive income	-	-	-	-	3,733,443	-	-	9,149	10,655	3,753,247	224,307	3,977,554
Dividends declared (Note 26)	-	-	-	-	(1,618,904)	-	-	-	-	(1,618,904)	-	(1,618,904)
Dividend distribution to noncontrolling interest	-	-	-	-	-	-	-	-	-	-	(144,000)	(144,000)
Appropriation (Note 26)	-	-	-	-	(5,000,000)	5,000,000	-	-	-	-	-	-
Balances as at December 31, 2020	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱38,776,186	₱5,000,000	(₱2,619)	(₱15,136)	₱372,449	₱74,072,868	₱306,075	₱74,378,943
	For the Year Ended December 31, 2019											
Balances as at January 1, 2019	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱36,882,343	₱-	(₱2,619)	(₱148,581)	₱361,794	₱67,034,925	₱236,697	₱67,271,622
Effect of adoption of new accounting standard (Note 2)	-	-	-	-	11,502	-	-	-	-	11,502	445	11,947
Balance as at January 1, 2019, as restated	24,470,708	80,000	5,612,321	(221,041)	36,893,845	-	(2,619)	(148,581)	361,794	67,046,427	237,142	67,283,569
Net income	-	-	-	-	6,283,634	-	-	-	-	6,283,634	236,166	6,519,800
Other comprehensive income	-	-	-	-	-	-	-	124,296	-	124,296	-	124,296
Total comprehensive income	-	-	-	-	6,283,634	-	-	124,296	-	6,407,930	236,166	6,644,096
Dividends declared (Note 26)	-	-	-	-	(1,501,060)	-	-	-	-	(1,501,060)	-	(1,501,060)
Dividend distribution to noncontrolling interest	443	-	-	-	-	-	-	-	-	-	(218,000)	(218,000)
Deconsolidation from loss of control (Note 2)	-	-	-	-	(14,772)	-	-	-	-	(14,772)	(29,540)	(44,312)
Balances as at December 31, 2019	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱41,661,647	₱-	(₱2,619)	(₱24,285)	₱361,794	₱71,938,525	₱225,768	₱72,164,293



Attributable to Equity Holders of the Parent

	Common Stock (Note 26)	Preferred Stock (Note 26)	Additional Paid-in Capital	Treasury Stock (Note 26)	Retained Earnings (Note 26)	Revaluation Reserve on Financial Assets at FVOCI (Note 16)	Remeasurement Losses on Retirement Plan (Note 25)	Share in Other Components of Equity of an Associate (Note 12)	Total	Noncontrolling Interest	Total Equity
For the Year Ended December 31, 2018											
Balances as of January 1, 2018	₱24,470,708	₱80,000	₱5,612,321	(₱221,041)	₱33,099,891	(₱2,619)	(₱155,336)	₱361,794	₱63,245,718	₱255,325	₱63,501,043
Effect of adoption of new accounting standard	-	-	-	-	(613,321)	-	-	-	(613,321)	-	(613,321)
Balance as at January 1, 2018, as restated	24,470,708	80,000	5,612,321	(221,041)	32,486,570	(2,619)	(155,336)	361,794	62,632,397	255,325	62,887,722
Net income	-	-	-	-	5,894,408	-	-	-	5,894,408	181,465	6,075,873
Other comprehensive income	-	-	-	-	-	-	6,755	-	6,755	-	6,755
Total comprehensive income	-	-	-	-	5,894,408	-	6,755	-	5,894,408	181,465	6,082,628
Dividends declared (Note 26)	-	-	-	-	(1,498,635)	-	-	-	(1,498,635)	-	(1,498,635)
Dividend distribution to noncontrolling interest	-	-	-	-	-	-	-	-	-	(184,000)	(184,000)
Investment from noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-
Acquisition of noncontrolling interest (Note 2)	-	-	-	-	-	-	-	-	-	(16,093)	(16,093)
Balances as of December 31, 2018	24,470,708	80,000	5,612,321	(221,041)	36,882,343	(2,619)	(148,581)	361,794	67,034,925	236,697	67,271,622

See accompanying Notes to Consolidated Financial Statements.



FILINVEST LAND, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands of Pesos)

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱4,378,139	₱8,274,768	₱7,778,382
Adjustments for:			
Interest income (Note 23)	(404,142)	(571,701)	(977,290)
Gain on sale of investment property	(65,308)	–	–
Interest expense and amortization of transaction costs (Note 23)	3,137,791	2,442,483	1,168,531
Depreciation and amortization (Notes 13, 14 and 16)	1,594,368	1,320,598	810,629
Equity in net earnings of associates (Note 12)	(516,450)	(401,525)	(537,017)
Pension expense, net of contribution and benefits paid (Note 25)	47,174	91,605	90,124
Operating income before changes in operating assets and liabilities	8,171,572	11,156,228	8,333,359
Changes in operating assets and liabilities			
Decrease (increase) in:			
Contracts receivable	(2,710,747)	(645,342)	16,425,142
Contract assets	4,181,680	(3,073,636)	(10,042,105)
Other receivables	(187,138)	(422,684)	(465,945)
Real estate inventories	(2,010,336)	6,736,824	(10,699,331)
Other assets	(282,510)	(536,688)	420,112
Increase (decrease) in:			
Accounts payable and accrued expense	172,068	(1,767,272)	69,281
Contract liabilities	263,863	(1,457,770)	3,210,176
Cash generated from operations	7,598,453	9,989,660	7,250,689
Income taxes paid, including creditable withholding taxes	(710,244)	(1,387,147)	(1,198,192)
Interest received	404,142	571,701	977,290
Net cash provided by operating activities	7,292,351	9,174,214	7,029,787
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Investment properties and property and equipment (Notes 13 and 14)	(5,641,194)	(8,792,995)	(5,558,464)
Dividends received (Note 12)	–	–	678,000
Proceeds from sale of investment property	737,840	–	–
Increase in BTO rights (Note 16)	(717,809)	(249,090)	(115,324)
Redemption of financial asset at FVOCI (Note 16)	–	–	48
Net cash used in investing activities	(5,621,163)	(9,042,085)	(4,995,740)

(Forward)



	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM FINANCING			
ACTIVITIES (Note 34)			
Proceeds from availment of:			
Loans payable (Notes 18 and 30)	₱10,680,000	₱15,400,000	₱5,500,000
Bonds payable (Notes 19 and 30)	8,057,682	-	-
Payments of:			
Loans payable (Note 18)	(8,219,965)	(4,840,663)	(3,841,338)
Bonds payable (Note 19)	(4,300,000)	(7,000,000)	-
Cash dividend (Note 26)	(1,588,558)	(1,482,405)	(1,498,635)
Interest and transaction costs	(3,917,635)	(3,260,571)	(3,132,467)
Lease liabilities (Note 15)	(317,948)	(295,937)	-
Dividends paid to noncontrolling interest	(144,000)	(218,000)	(184,000)
Increase in amounts due to related parties	(828)	(80,492)	(18,044)
Acquisition of noncontrolling interest (Note 2)	-	-	(16,093)
Net cash provided by (used in) financing activities	248,748	(1,778,068)	(3,190,577)
NET INCREASE (DECREASE) IN CASH			
AND CASH EQUIVALENTS	1,919,936	(1,645,939)	(1,156,530)
CASH AND CASH EQUIVALENTS			
AT BEGINNING OF YEAR	4,773,621	6,419,560	7,576,090
CASH AND CASH EQUIVALENTS			
AT END OF YEAR (Note 7)	₱6,693,557	₱4,773,621	₱6,419,560

See accompanying Notes to Consolidated Financial Statements.



FILINVEST LAND, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Filinvest Land, Inc. (the “Parent Company” or “FLI”) is a property developer engaged mainly in the development of residential subdivisions, construction of housing units and leasing activities. It was incorporated and is domiciled in the Philippines where its shares are publicly traded. Formerly Citation Homes, Inc., the Parent Company was incorporated on November 24, 1989 and later changed to its present name on July 12, 1993. The Parent Company and its subsidiaries (collectively referred to as “the Group”) offer a range of real estate products from socialized and affordable housing to middle-income and high-end housing, various types of subdivision lots, medium-rise residential buildings, farm estates, industrial parks, residential resort projects, condotels, and condominium buildings. The Group also leases out commercial and office spaces in Muntinlupa City, Makati City, Pasay City, Cebu City, Tagaytay City, Cavite, and Clark Mimosa, its major locations for leasing.

The Group’s parent company is Filinvest Development Corporation (FDC), a publicly listed entity. A.L. Gotianun, Inc. (ALG) is the Group’s ultimate parent company. FDC and ALG were incorporated in the Philippines.

The Parent Company’s registered business address is at 79 E. Delos Santos Ave. (EDSA), Brgy. Highway Hills, Mandaluyong City.

On January 20, 2021, FLI announced, through a Philippine Stock Exchange (PSE) disclosure, that its BOD has approved the transition of Cyberzone Properties, Inc. (CPI) into a REIT Company. CPI is intended to be listed on the PSE in compliance with the minimum public ownership requirements under Philippine securities regulations and the Real Estate Investment Trust Act of 2009 and its implementing rules and regulations and under such terms and conditions as FLI’s BOD may subsequently approve.

On December 21, 2020, FDC subscribed to 110,000,000 common shares of Dreambuilders Pro, Inc. (DPI) with par value of Php1.00 per share amounting ₱110 million and equivalent to 55% of DPI’s outstanding shares. This resulted in the dilution of FLI’s interest in DPI to 45% and deconsolidation by the Group (see Notes 12 and 24). As a result of the dilution, the investment in DPI is accounted as investment in associate under the equity method.

On December 16, 2020, FLI subscribed to 382,500 shares of stock of Nature Specialists, Inc. (NSI) consisting of 120,000 common shares and 262,500 preferred shares, all with a par value of ₱100 per share with total consideration of ₱47.25 million, equivalent to 75% shareholding. NSI was incorporated on August 24, 2018 to conduct real estate activities primarily focusing on hotels, inns, resorts, lodging houses and all adjunct accessories thereto, including restaurants, cafes, bars, stores, offices, etc.. NSI has not started its commercial operations in as of December 31, 2020.

On December 26, 2019, CPI and Filinvest Cyberparks, Inc. (FCI), wholly owned subsidiaries of the Parent, entered into a Deed of Assignment to sell its ownership in Pro-Excel Property Managers, Inc. (Pro-Excel) to Filinvest Alabang, Inc. (FAI). The sale resulted in a loss of control in Pro-Excel and deconsolidation by the Group. The remaining ownership of the Parent Company in Pro-Excel is 33% (see Notes 2 and 12). Subsequently after disposal, the investment in Pro-excel is accounted as investment in associate under the equity method.



On October 11, 2019, ProMixers Aggregates Corp. (PMAC), a wholly owned subsidiary of DPI, was incorporated mainly to operate concrete batching plant, manufacture and supply of pre-cast and construction equipment and rental. PMAC has not started commercial operations as of December 31, 2020.

On March 18, 2019, ProOffice Works Services, Inc. (ProOffice), a wholly owned subsidiary of FLI, was incorporated to engage in the business of administration, maintenance and management of real estate developments and projects. ProOffice started commercial operations in August 2019. On December 23, 2020, CPI entered into a Deed of Assignment to sell its 60% interest in ProOffice to FLI for a total consideration of ₱17.16 million. Accordingly, ProOffice became a direct subsidiary of FLI. The transaction has no impact to the consolidated financial statements.

On July 18, 2018, the Securities and Exchange Commission (SEC) approved Timberland Sports and Nature Club, Inc.'s (TSNC or the "Club") application for voluntary revocation of its secondary registration which allowed TSNC to proceed with the transition to its new business model. On November 15, 2018, TSNC's Board of Directors (BOD) approved the amendment to change the primary purpose of the Club from an exclusive recreational sports club to a for profit commercial facility. On July 24, 2019, TSNC submitted its Amended Articles of Incorporation to SEC. The amendments include (a) change of the primary purpose of TSNC from that of an exclusive recreational sports club to a real estate development Company; (b) change of TSNC's principal address from No. 173 P. Gomez Street, San Juan, Metro Manila to Timberland Heights, Barangay Malanday, San Mateo Rizal; (c) conversion of TSNC's capital stock from no par value club shares to par value shares; (d) removal of provisions which characterizes TSNC as an exclusive non-profit association; and (e) removal of paragraphs which relate to the operations of an exclusive recreational sports club. On August 1, 2019, the SEC approved TSNC's application on voluntary revocation of its secondary registration. On August 18, 2019, the SEC approved TSNC's Amended Articles of Incorporation.

Approval of the Consolidated Financial Statements

The consolidated financial statements as of December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 were approved and authorized for issue by the BOD on March 9, 2021.

2. **Summary of Significant Accounting Policies**

Basis of Preparation

The consolidated financial statements are prepared using the historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) that are measured at fair value. The Group's consolidated financial statements are presented in Philippine Peso (Peso), which is also the functional currency of the Parent Company, its subsidiaries and associates. Amounts are in thousand Pesos except as otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS), which include the availment of relief granted by the SEC under Memorandum Circular (MC) Nos. 3-2019 and 14-2018 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 Philippine Interpretations Committee (PIC) Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry:

- a. Assessing if the transaction price includes a significant financing component (as amended by PIC Q&A 2020-04);
- b. Treatment of uninstalled materials in the determination of the POC (as amended by PIC Q&A 2020-02); and
- c. Accounting for Common Usage Service Area (CUSA) charges

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

The consolidated financial statements also include the availment of relief under SEC MC No. 4-2020 to defer the adoption of *IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, Borrowing Cost* (the IFRIC Agenda Decision on Borrowing Cost) until December 31, 2020.

In December 2020, the SEC issued MC 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 Decision 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 section below under Changes in Accounting Policies and Disclosures and Significant Accounting Policies.

Basis of Consolidation

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries. The nature of business and the corresponding percentages of ownership over these entities as at December 31, 2020, 2019 and 2018 are as follows. The voting rights held by the Group in these subsidiaries are in proportion to its ownership interest.

Subsidiaries	Nature of Business	2020	2019	2018
Filinvest AII Philippines, Inc. (FAPI)	Real estate developer	100%	100%	100%
Filinvest BCDA Clark, Inc. (FBCI) ¹	Real estate developer	55%	55%	55%
FCGC Corporation (FCGCC)	Real estate developer	100%	100%	100%
Gintong Parisukat Realty and Development Inc. (GPRDI)	Real estate developer	100%	100%	100%
Homepro Realty Marketing, Inc. (Homepro)	Real estate developer	100%	100%	100%
Cyberzone Properties, Inc. (CPI)	Leasing	100%	100%	100%
Filinvest Asia Corporation (FAC)	Leasing	60%	60%	60%
Filinvest Cyberparks, Inc. (FCI)	Leasing	100%	100%	100%
Filinvest Cyberzone Mimosa, Inc. (FCMI)	Leasing	100%	100%	100%
Festival Supermall, Inc. (FSI)	Property management	100%	100%	100%
Filinvest Lifemalls Corporation (FLC)	Property management	100%	100%	100%
Filinvest Lifemalls Mimosa, Inc. (FLMI)	Property management	100%	100%	100%
Filinvest Lifemalls Tagaytay, Inc. (FLTI)	Property management	100%	100%	100%
Pro-Excel Property Managers, Inc. (Pro-Excel) ²	Property management	33%	33%	74%
ProOffice Works Services, Inc. (ProOffice) ³	Property management	100%	100%	–
Property Specialist Resources, Inc. (Prosper)	Property management	100%	100%	100%

(Forward)



Subsidiaries	Nature of Business	2020	2019	2018
FSM Cinemas, Inc. (FSM Cinemas) ⁴	Theater operator	60%	60%	60%
Philippine DCS Development Corporation (PDDC)	District cooling systems, builder and operator	60%	60%	60%
Timberland Sports and Nature Club, Inc. (TSNC) ⁵	Recreational Sports and Natures Club	98%	98%	98%
Dreambuilders Pro, Inc. (DPI) ⁶	Construction	45%	100%	100%
ProMixers Aggregates Corp. (PMAC) ⁷	Construction	45%	100%	–
Leisurepro, Inc. (Leisurepro)	Marketing	100%	100%	100%
Proleads Philippines, Inc. (PPI)	Marketing	100%	100%	100%
Property Leaders International Limited (PLIL)	Marketing	100%	100%	100%
Property Maximizer Professional Corp. (Promax)	Marketing	100%	100%	100%
Realpros Philippines, Inc. (RPI)	Marketing	100%	100%	100%
	Recreational Sports and Natures Club	75%	–	–
Nature Specialists, Inc. (NSI)	Natures Club			

1. *FBCI is owned indirectly through FCGCC.*

2. *Deconsolidated in 2019. CPI and FCI sold its ownership in Pro-Excel to FAI (see Note 1). The effective ownership interest of the Parent Company was reduced to 33%.*

3. *100% direct ownership in 2020 after the assignment of CPI to FLI; 50% direct ownership and 60% indirect ownership through CPI in 2019.*

4. *FSM Cinemas is owned indirectly through FSI.*

5. *In 2018 and 2017, the Parent Company acquired noncontrolling interest in TSNC representing additional 1% and 5% ownership interest, respectively, for a total consideration of P16.09 million and P138.85 million, respectively.*

6. *Deconsolidated in 2020.*

7. *PMAC is a wholly-owned subsidiary of DPI.*

Except PLIL which was incorporated in British Virgin Islands, all of the Parent Company's subsidiaries were incorporated in the Philippines. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company using consistent accounting policies.

None of the foregoing subsidiaries has been a party to any bankruptcy, receivership or similar proceedings and has not undergone or entered into any material classification, merger, consolidation (except as disclosed elsewhere in this report), purchased or sold a significant amount of assets outside the ordinary course of business.

A subsidiary is an entity which the Group controls. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has: (a) power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee); (b) exposure, or rights, to variable returns from its involvement with the investee, and, (c) the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including: (a) the contractual arrangement with the other vote holders of the investee; (b) rights arising from other contractual arrangements; and, (c) the Group's voting rights and potential voting rights.

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



during the year are included in the consolidated financial statement from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

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

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interests
- 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
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Noncontrolling Interest

Noncontrolling interest represents the portion of profit or loss and net assets not owned, directly or indirectly, by the Group.

Noncontrolling interests are presented separately in the consolidated statement of income, consolidated statement of comprehensive income, and within equity in the consolidated statement of financial position, separately from parent shareholder's equity. Any losses applicable to the noncontrolling interests are allocated against the interests of the noncontrolling interest even if this results to the noncontrolling interest having a deficit balance. The acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the noncontrolling interest is recognized in equity of the parent in transactions where the noncontrolling interest are acquired or sold without loss of control.

Business Combinations Involving Entities under Common Control

A business combination involving entities under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. This will include transactions such as the transfer of subsidiaries or businesses between entities within a group. Common control business combinations are outside the scope of PFRS 3, *Business Combination*. The Group elected to account for its common control business combination using acquisition method and this is applied consistently for similar transactions. However, where the acquisition method of accounting is selected, the transaction must have commercial substance from the perspective of the reporting entity. Common control business combination without commercial substance is accounted using "pooling of interests" method wherein the assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination and adjustments made are only those adjustments to harmonize accounting policies. No new goodwill is



recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. The effects of intercompany transactions on current assets, current liabilities, revenues, and cost of sales for the periods presented and on retained earnings at the date of acquisition are eliminated to the extent possible.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the Group's consolidated financial statements are consistent with those of the previous financial years, except for the adoption of the following amendments in PFRS and PAS which became effective beginning January 1, 2020.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- 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.

- 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.

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

- The rent concession is a direct consequence of COVID-19;
- The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 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. Early adoption is permitted.

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

Future Changes in Accounting Policy

The Group will adopt the following standards and interpretations when these become effective. Except as otherwise stated, the Group does not expect the adoption of these standards to have a significant impact on the consolidated financial statements.

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 1 January 2021 and apply retrospectively, however, the Group is not required to restate prior periods.

- *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.

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

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

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

- 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 Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- 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.

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



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

Deferred effectivity

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

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

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

The Group is currently assessing the impact of adopting these amendments.

- *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 SEC issued SEC MC No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023. A summary of the PIC Q&A provisions covered by the SEC deferral and the related deferral period follows:

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

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

- The accounting policies applied.
- Discussion of the deferral of the subject implementation issues in the PIC Q&A.



- 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
- PIC Q&A 2020-02, which provides additional guidance on determining which uninstalled materials should not be included in calculating the POC

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

The Group 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:

- a. The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements. Adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, contract assets, provision for deferred income tax, deferred tax asset or liability for all years presented, and the opening balance of retained earnings. The Group has yet to assess if the mismatch constitutes a significant financing component for its contracts to sell.
- b. Had the Group accounted for the revenue from air-conditioning services, CUSA and handling services as principal, this would have resulted in the gross presentation of the related revenue, costs and expenses. Currently, the related revenue is presented net of costs and expenses. There is no impact on opening retained earnings, income and expense and the related balance sheet accounts.

The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented.

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

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



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

On February 21, 2020, the Philippine SEC issued Memorandum Circular No. 4, Series of 2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. 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.

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

The Group opted to avail of the relief as provided by the SEC. Had the Group adopted the IFRIC agenda decision, borrowing costs capitalized to real estate inventories related to projects with pre-selling activities should have been expensed out in the period incurred. This adjustment should have been applied retrospectively and would have resulted to restatement of prior year financial statements. A restatement would have impacted interest expense, cost of sales, provision for deferred income tax, real estate inventories, deferred tax liability and opening balance of retained earnings. 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 deferrals will impact the Group's financial reporting during the period of deferral as follows:

- a. The financial statements as 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. Assessing if the transaction price includes a significant financing component (as amended by PIC Q&A 2020-04)
 2. Application of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods under PAS 23
- b. The Auditor's report will:
 1. 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
 2. 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*.



The Group intends to adopt the additional deferrals of the adoption of the PIC Q&A's above as allowed under SEC MC No. 34-2020.

- *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 an amount equal to the outstanding balance of the contracts receivables at the date of repossession. 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.

Significant Accounting Policies

Current versus Noncurrent Classification

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

- a. expected to be realized or intended to be sold or consumed in normal operating cycle;
- b. held primarily for the purpose of trading;
- c. expected to be realized within twelve (12) months after the reporting period; or
- d. cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- a. it is expected to be settled in normal operating cycle;
- b. it is held primarily for the purpose of trading;
- c. it is due to be settled within twelve (12) months after the reporting period, or
- d. there is no unconditional right to defer the settlement of the liability for at least twelve (12) months after the reporting period.

The Group classifies all other liabilities as noncurrent.

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



Fair Value Measurement

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

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

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

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

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

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

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

Financial Instruments (*Date of recognition*)

Financial assets and liabilities are recognized in the consolidated statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery or assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

Recognition and Measurement of Financial Instruments

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

Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as either subsequently measured at amortized cost, at FVOCI, or at FVPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a



significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15.

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

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

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

As of December 31, 2020 and 2019, the Group's financial assets comprise of financial assets at amortized cost and financial assets at FVOCI.

Subsequent measurement

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

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

Financial assets at amortized cost

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Group's business model whose objective is to hold assets in order to collect contractual cash flows; and,
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized costs are subsequently measured at amortized cost using the effective interest method less any impairment in value, with the interest calculated recognized as interest income in the consolidated statement of income.

The Group classified cash and cash equivalents, contracts receivable, other receivables and deposits (included in other assets) as financial assets at amortized cost (see Note 29).

Financial assets at FVOCI (equity instruments)

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading.

Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in "Revaluation reserve on financial assets at FVOCI" in the consolidated statement of financial position. Where the asset is disposed of, the cumulative gain or loss previously recognized in "Revaluation reserve on financial assets at FVOCI" is not reclassified to profit or loss, but is reclassified to Retained earnings.



Included under this category are the Group's investments in quoted and unquoted shares of stocks (see Note 16).

Dividends earned on holding these equity instruments are recognized in the consolidated statement of income when the Group's right to receive the dividends is established in accordance with PFRS 15, unless the dividends clearly represent recovery of a part of the cost of the investment.

Reclassification of financial assets

The Group can reclassify financial assets if the objective of its business model for managing those financial assets changes. The Group is required to reclassify the following financial assets:

- from amortized cost to FVPL if the objective of the business model changes so that the amortized cost criteria are no longer met; and,
- from FVPL to amortized cost if the objective of the business model changes so that the amortized cost criteria start to be met and the instrument's contractual cash flows meet the amortized cost criteria.

Reclassification of financial assets designated as at FVPL at initial recognition is not permitted.

A change in the objective of the Group's business model must be effected before the reclassification date. The reclassification date is the beginning of the next reporting period following the change in the business model.

Financial liabilities

Initial recognition and measurement

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

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

As of December 31, 2020 and 2019, loans and borrowings consist primarily of accounts payable and accrued expenses excluding deposit from tenants and other payables, lease liabilities, loans payable, bonds payable and due to related parties (see Notes 15, 17, 18, 19 and 20).

Subsequent measurement

Loans and borrowings (financial liabilities at amortized cost) 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 recognised in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of income.

Impairment of Financial Assets and Contract Assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. 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 effective interest rate. The expected cash



flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group applies a simplified approach in calculating ECLs for financial assets at amortized costs. 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 has established a provision matrix for other receivables and a vintage analysis for contracts receivable and contract assets that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

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

Derecognition of Financial Assets and Financial Liabilities

Financial Assets

A financial asset is derecognized when:

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

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of an asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. 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.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability expires, is discharged or cancelled.

Where 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Offsetting Financial Instruments

Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Group intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, where the related assets and liabilities are presented at gross in the consolidated statement of financial position.



Real Estate Inventories

Lots, Condominium and Residential Units for Sale

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as real estate inventory and is measured at the lower of cost and net realizable value (NRV).

Cost includes:

- Land acquisition costs and expenses directly related to acquisition
- Amounts paid to contractors for development and construction
- Borrowing costs, planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs of sale. The cost of inventory recognized in consolidated statement of income on disposal is determined with reference to the specific costs incurred on the property sold, including an allocation of any non-specific costs based on the relative size of the property sold.

Land and Land Development

Land and land development consists of properties to be developed into real estate projects for sale that are carried at the lower of cost or NRV. The cost of land and land development include the following: (a) land acquisition costs, (b) costs incurred relative to acquisition and transfer of land title in the name of the Group such as transfer taxes and registration fees (c) costs incurred on initial development of the raw land in preparation for future projects, and (d) borrowing costs. They are transferred to lots, condominium and residential units for sale under “Real estate inventories” when the project plans, development and construction estimates are completed and the necessary permits are secured.

Investments in Associates

The Group’s investment in associates is accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in associates is carried in the consolidated statement of financial position at cost, plus post-acquisition changes in the Group’s share of net assets of the associates. The consolidated statement of income reflects the share of the results of operations of the associates. The Group recognizes its share of the losses of the associate until its share of losses equals or exceeds its interest in the associate, at which point the Group discontinues recognizing its share of further losses.

Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity.

The reporting dates of the associates and the Group are identical and the associates’ accounting policies conform to those used by the Group for like transactions and events in similar circumstances.



After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on investment in an associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in an associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment in the associate and its carrying value and recognize the amount in the consolidated statement of income.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of income.

Investment Properties

Investment properties consist of commercial mall, land and other properties that are held for long term rental yields and capital appreciation and land held with undetermined future use. Investment properties also include right-of-use assets involving real properties that are subleased to other entities. Investment properties, except for land, are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Land is carried at cost less accumulated impairment losses, if any.

Constructions-in-progress are carried at cost (including borrowing costs) and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete.

For those right-of-use assets that qualify as investment properties, i.e., those land that are subleased 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.

Investment properties built on rented properties are depreciated over their estimated useful lives or lease term, whichever is shorter.

Depreciation of investment properties is computed using the straight-line method over the estimated useful lives (EUL) of these assets as follows:

	Years
Buildings and improvement	20-50
Machinery and equipment	5-15

The EUL and the depreciation method is reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefit from items of investment properties.

Investment properties also include prepaid commission representing incremental costs that are directly attributable to negotiating and arranging a lease. These are initially recognized at cost and are amortized over the related lease term.

Investment property is derecognized when it is either disposed of or permanently withdrawn from use and there is no future economic benefit expected from its disposal or retirement. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of income in the year of retirement or disposal.



Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and accumulated impairment losses, if any. The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use including borrowing cost.

Construction-in-progress, is stated at cost. This includes cost of construction and other direct costs. Construction-in-progress is not depreciated until such time as the relevant assets are completed and ready for operational use.

Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are normally charged to income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is computed on the straight-line basis over the EUL of the assets, as follows:

	Years
Buildings	20-50
Machinery and equipment	5-20
Transportation equipment	5
Furniture and fixtures	3-5

Leasehold improvements are amortized over the estimated useful lives of the improvements or the lease term, whichever is shorter.

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

When an item of property and equipment is derecognized, the cost of the related accumulated depreciation and amortization and accumulated impairment losses, if any, is removed from the account. Any gain or loss arising from derecognition of the asset is included in the consolidated statement of income in the year the asset is derecognized.

Intangible Assets

Intangible assets include goodwill, and build, transfer and operate (BTO) rights and developmental rights, which are presented under other noncurrent assets.



Intangible assets acquired separately are measured on initial recognition at costs. The cost of intangible assets acquired in a business combination or contracted arrangements is their fair value at the date of acquisition. Following initial recognition, intangible assets, excluding goodwill, are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets with finite lives (i.e., BTO rights and developmental rights) are amortized over the economic useful life (i.e., 25 years) and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of income.

Intangible assets with indefinite useful lives (i.e., goodwill) are not amortized, but are tested for impairment annually or more frequently, either individually or at the cash generating unit level.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of income when the asset is derecognized.

Other Assets

Other current and noncurrent assets including construction materials and supplies are carried at cost and pertain to resources controlled by the Group as a result of past events and from which future economic benefits are expected to flow to the Group.

Value-added Tax (VAT)

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

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

The net amount of VAT recoverable and payable from the taxation authority is included as part of "Other assets" and "Accounts payable and accrued expenses", respectively, in the consolidated statement of financial position.

Impairment of Nonfinancial Assets

The carrying values of investment in associates, property and equipment, investment properties, right-of-use assets and other nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less cost of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.



For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the consolidated statement of income.

For nonfinancial assets, excluding goodwill, 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 Group estimates the asset's or cash-generating unit's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor 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 the consolidated statement of income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually or more frequent if events or changes of circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating unit) is less than their carrying amount of cash-generating unit (or group of cash-generating unit) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated statement of income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods.

Revenue Recognition

Revenue from Contracts with Customers

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

In September 2019, the Philippine Interpretations Committee (PIC) issued additional guidance to the real estate industry on the implementation of PFRS 15, including guidance on the recording of the difference between the consideration received from the customer and the transferred goods to the customer (ie, measured based on percentage-of-completion). The PIC allowed real estate companies to recognize the difference as either a contract asset or unbilled receivable. If presented as a contract asset, the disclosures required under PFRS 15 should be complied with. Otherwise, the disclosures required under PFRS 9 should be provided.

The Group opted to retain its existing policy of recording the difference between the consideration received from the customer and the transferred goods to the customer as contract asset.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.



Real estate sales

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

In measuring the progress of its performance obligation over time, the Group uses 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 project accomplishment reports prepared by the third party project managers for high-rise real estate developments and internal project engineers for mid-rise real estate development. The project technical head integrates, reviews and approves the surveys of performance to date of the construction activities of subcontractors.

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

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

Theater and snack bar sales (included as part of 'Rental and related services')

Revenue from theater sales is recognized over time using output method when theater services are rendered. Revenue from snack bar sales is recognized at a point in time when goods are actually sold to customers.

Cost of real estate sales

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

In addition, the Group recognizes as an asset only costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

Contract Balances

Contracts receivables

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

Contract assets

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



Contract liabilities

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

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

Costs to obtain contract (Commission expenses)

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

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

Contract fulfillment assets

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

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

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

Amortization, de-recognition 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 over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization of contract fulfillment assets and cost to obtain a contract is included within "Cost of real estate sales" and "Selling and marketing expense", respectively.

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

At each reporting date, the Group determines whether there is an indication that the contract fulfillment asset or capitalized cost to obtain a contract maybe impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Group uses the same



principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

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

Other Revenue and Income Recognition

Rental Income

Rental income arising from investment properties are recognized in the consolidated statement of income either on a straight-line basis over the lease term or based on a certain percentage of the gross revenue of the tenants, as provided under the terms of the lease contract. Leases under contingent rents are recognized as income in the period in which they are earned.

Income from Forfeited Reservations and Collections

Income from forfeited reservation and collections is recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contracted sale. Such income is also recognized, subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act*, upon prescription of the period for the payment of required amortizations from defaulting buyers.

Interest Income

Interest is recognized as it accrues taking into account the effective yield on the underlying asset.

Other Income

Other income, including service fees, processing fees, management fees, is recognized when services are rendered and when goods are delivered.

Cost and Expense Recognition

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

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

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



Expenses

“General and administrative expenses” and “Selling and marketing expenses” are expenses that are incurred in the course of the ordinary operations of the Group. These usually take the form of an outflow or depletion of assets such as cash and cash equivalents, property and equipment and investment properties. Selling and marketing expenses are costs incurred to sell real estate inventories, which include commissions, advertising and promotions, among others. General and administrative expenses constitute costs of administering the business.

Expenses are recognized in the consolidated statement of income as incurred based on the amounts paid or payable.

Retirement Costs

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by an independent qualified actuary.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the defined benefit liability or asset.

Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information.

When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).



The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Termination benefit

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs.

Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee leave entitlement

Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Borrowing Costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. They are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for its intended use or sale. Interest and other financing costs incurred during the construction period on borrowings used to finance property development are capitalized as part of development costs in the consolidated statement of financial position.

Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended sale are completed. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

All other borrowing costs are expensed as incurred.

As discussed in "*Future Changes in Accounting Policy*", the Philippine SEC MC 4-2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (IAS 23, *Borrowing Cost*) until December 31, 2020. The Group opted to avail of the relief as provided by the SEC.

Foreign Currency-Denominated Transactions

The functional and presentation currency of the Parent Company and its subsidiaries and associate is the Philippine Peso. Transactions denominated in foreign currencies are recorded in Philippine Peso based on the exchange rates prevailing at the transaction dates. Foreign currency denominated monetary assets and liabilities are translated to Philippine Peso at exchange rates prevailing at the reporting date. Foreign exchange differentials between rate at transaction date and rate at settlement date or reporting date of foreign currency denominated monetary assets or liabilities are credited to or charged against current operations.



Equity

Common and Preferred Stock

The Group records common and preferred stock at par value and additional paid-in capital as the excess of the total contributions received over the aggregate par values of the equity shares.

The Group considers the underlying substance and economic reality of its own equity instrument and not merely its legal form in determining its proper classification. When any member of the Group purchases the Parent Company's capital stock (treasury shares), the consideration paid, including any attributable incremental costs, is deducted from equity until the shares are cancelled, reissued or disposed of.

Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects is included in consolidated equity.

Treasury Stock

Own equity instruments which are reacquired are carried at cost and are deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid in capital when the shares were issued and to retained earnings for the remaining balance.

Retained Earnings

Retained earnings represent accumulated earnings of the Group, and any other adjustments to it as required by other standards, less dividends declared. The individual accumulated earnings of the subsidiaries and accumulated equity earnings from an associate included in the consolidated retained earnings are available for dividend declaration when these are declared as dividends by the subsidiaries and associate as approved by their respective BOD.

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

Dividends on common and preferred shares are deducted from retained earnings when declared and approved by the BOD of the Parent Company. Dividends payable are recorded as liability until paid. Dividends for the year that are declared and approved after reporting date, if any, are dealt with as an event after reporting date and disclosed accordingly.

Earnings Per Share (EPS)

Basic EPS is computed by dividing net income applicable to common stock by the weighted average number of common shares outstanding, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period.

Diluted EPS is computed by dividing net income by the weighted average number of common shares outstanding during the period, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period, and adjusted for the effect of dilutive options and dilutive convertible preferred shares. If the required dividends to be declared on convertible preferred shares divided by the number of equivalent common shares, assuming such shares are converted would decrease the basic EPS, and then such convertible preferred shares would be deemed dilutive.

Where the effect of the assumed conversion of the preferred shares and the exercise of all outstanding options have anti-dilutive effect, basic and diluted EPS are stated at the same amount.



Income Tax

Current Income Tax

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

Deferred Income Tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except; (a) where deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (b) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefit of the excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences and carryforward of MCIT and unused NOLCO can be utilized.

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Income tax relating to items recognized directly in other comprehensive income is recognized in consolidated statement of comprehensive income and not in the consolidated statement of income.

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

Leases effective January 1, 2019

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 Lessor

Leases where the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Rental income on operating leases is recognized on a straight line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income.



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 e.g., addition or termination of the right to use one or more underlying assets, or the extension or shortening of the contractual lease term. In case of a lease modification, the lessor shall account for any such modification by recognizing 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.

In case of change in lease payments for an operating lease that does not meet the definition of a lease modification, the lessor shall account for any such change as a negative variable lease payment and recognize lower lease income. No rental income is recognized when the Group waives its right to collect rent and other charges. This is recognized as a rent concession and reported as a negative variable lease payment (see Notes 3 and 15).

Group as Lessee

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

i) Right-of-use-assets

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.

The Group classifies its right-of-use assets within the same line item as that within which the corresponding underlying assets would be presented if they were owned.

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 its estimated useful life and the lease term. Useful life of right-of-use on land ranges from 20- to 50 years.

Right-of-use assets are subject to impairment. Refer to the accounting policies in section impairment of non-financial assets.

ii) 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.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (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). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value. 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.

As of January 1, 2019, the net effect of the initial adoption of PFRS 16 amounting to ₱11.9 million was adjusted directly in equity.

Leases prior to January 1, 2019

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

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

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

Group as Lessor

Leases where the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Rental income on operating leases is recognized on a straight line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income.

No rental income is recognized when the Group waives its right to collect rent and other charges. This is recognized as a rent concession and reported as a variable payment.

Group as Lessee

Operating lease payments are recognized as an expense on a straight line basis over the lease term, except for contingent rental payments which are expensed when they arise.

Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Two or more operating segments may be



aggregated into a single operating segment if the segments have similar economic characteristics, and the segments are similar in each of the following respects: (a) the nature of the products and services; (b) the nature of the production processes; (c) the type or class of customer for their products and services; (d) the methods used to distribute their products or provide their services; and, (e) if applicable, the nature of the regulatory environment. Financial information on business segments is presented in Note 5 to the consolidated financial statements.

Provisions

A provision is 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. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. When the Group expects part or all of provision to be reimbursed or recovered, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

Contingencies

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

Events after the Reporting Date

Any post year-end event up to the date of the auditor's report that provides additional information about the Group's position at reporting date (adjusting event) is reflected in the consolidated financial statements. Any post year-end event that is not an adjusting event is disclosed, when material, in notes to the consolidated financial statements.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in compliance with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Future events may occur which can cause the assumptions used in arriving at those estimates to change. The effects of any changes in estimates will be reflected in the consolidated financial statements as they become reasonably determinable.

Estimates and judgments 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 which have the most significant effect on the amounts recognized in the consolidated financial statements.



Real Estate Revenue Recognition

a. 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 are not signed by both parties, the combination of its other signed documentation such as purchase application form and official receipts evidencing collections from buyer, would contain all the criteria to qualify as contract with the customer under PFRS 15.

In addition, part of the assessment process of the Group 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. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price.

Collectability is also assessed by considering factors such as historical experience with customers, and pricing of the property. Management regularly evaluates the historical cancellations if it would still support its current threshold of customers' equity before commencing revenue recognition.

b. Revenue recognition method 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 is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date.

The Group has determined that 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.

Evaluation of Impairment on Nonfinancial Assets

The Group reviews its investments in associates, property and equipment, investment properties, right-of-use assets, intangible assets and other assets (excluding short-term deposits) for impairment of value. This includes consideration of certain indicators of impairment such as significant change in asset usage, significant decline in asset's market value, obsolescence or physical damage of an asset, plans of discontinuing the real estate projects, and significant negative industry or economic trends.

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

The recoverable amount is the asset's fair value less cost of disposal, except for investments in associates, which have recoverable value determined using value-in-use. The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's-length transaction while value-in-use is the present value of estimated future cash flows expected to arise from the investments in associates. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.



The carrying values of the Group's nonfinancial assets (excluding goodwill) as of December 31 follow:

	2020	2019
	(In Thousands)	
Other current assets - net of short-term deposits (Note 11)	₱4,627,186	₱4,340,799
Investments in associates (Note 12)	4,787,787	4,170,682
Investment properties (Note 13)	69,264,957	66,461,060
Property and equipment (Note 14)	3,348,145	3,288,718
Other noncurrent assets - net of financial assets at FVOCI (Note 16)	5,610,539	5,223,152

Assessment on whether rental 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 COVID-19, the Group waived its right to collect rent and other charges from the lessees of its commercial spaces.

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. The Group assessed that the rental concessions it granted to lessees do not qualify as lease modifications since the terms and conditions under the corresponding lease contracts have not been modified by the waiver and therefore, is not a lease modification under PFRS 16.

The rental concessions granted by the Group for the year ended December 31, 2020 amounted to ₱625.37 million (see Notes 6 and 15).

Judgements made in determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates applying paragraph 122 of PAS 1, Presentation of Financial Statements

The Group has assessed whether it has any uncertain tax position. The Group applies significant judgement in identifying uncertainties over its income tax treatments. The Group determined, based on its tax compliance review, in consultation with its tax counsel, that it is probable that its uncertain income tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities.

Contingencies

In the normal course of business, the Group is currently involved in various legal proceedings and assessments. The assessment of probability and estimate of the probable costs for the resolution of these claims have been developed in consultation with outside counsel handling the defense in these matters and based upon analysis of potential results. The Group currently does not believe these proceedings will have material or adverse effect on the Group's financial position and results of operations (see Note 31).



Use of Estimates and Assumptions

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.

Revenue Recognition and Measure of Progress for Real Estate Sales

The Group's revenue recognition policy requires management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Group's revenue from real estate sales recognized based on the percentage of completion are measured principally on the basis of physical completion of real estate project.

Following the pattern of real estate revenue recognition, the cost to obtain a contract (e.g. commission), is determined using the percentage of completion. In view of the continuing community quarantines and restricted mobility, the progress of the Group's performance obligation is adversely affected which resulted to lower percentage-of-completion in 2020.

For the years ended December 31, 2020, 2019 and 2018, real estate sales amounted to ₱9.84 billion, ₱17.01 billion and ₱14.40 billion, respectively (see Note 6).

Evaluation of Impairment of Contract Receivables and Contract Assets

The Group uses the vintage analysis to calculate ECLs for contracts receivables and contract assets. The loss rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type, market segment and collateral type).

The vintage analysis (the model) are initially based on the Group's historical observed default rates. The Group will calibrate the model to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (e.g., gross domestic product, inflation) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions (e.g., gross domestic product and inflation rate) and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The Group has considered impact of COVID-19 pandemic and revised its assumptions in determining the macroeconomic variables and loss rates in the computation of ECL. The changes in the gross carrying amount of receivables from sale of real estate during the year and impact of COVID-19 pandemic did not materially affect the Group's allowance for ECL.

The information about the ECLs on the Group's contract receivables and contract assets is disclosed in Note 8.

The carrying values of contract receivables and contract assets are as follows:

	2020	2019
	(In Thousands)	
Contracts receivables (Note 8)	₱4,156,939	₱1,446,192
Contract assets (Note 6)	8,934,062	13,115,742



Leases - Estimating the incremental borrowing rate to measure lease liabilities

The Group cannot readily determine the interest rate implicit in the lease, 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). The incremental borrowing rate used by the Group to measure lease liabilities range from 8.18% to 8.54% in 2020 and 2019.

The Group's lease liabilities amounted to ₱6.15 billion and ₱5.87 billion as of December 31, 2020 and 2019, respectively (see Note 15).

Estimating NRV of Real Estate Inventories

The Group adjusts the cost of its real estate inventories to NRV based on its assessment of the recoverability of the inventories. In determining the recoverability of the inventories, management considers whether the selling prices of those inventories have significantly declined. Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. In line with the impact of COVID-19, the Group experienced limited selling activities that resulted in lower sales in 2020. In evaluating NRV, recent market conditions and current market prices have been considered.

As of December 31, 2020 and 2019, the carrying amount of real estate inventories amounted to ₱65.54 billion and ₱63.08 billion, respectively (see Note 10). No impairment adjustments were recognized in 2020 and 2019 since the costs are lower than NRV.

Evaluation of Impairment on Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. The Group's impairment test for goodwill on acquisition of CPI, FAC and Festival Supermall structure is based on value-in-use calculation that uses a discounted cash flow model. The cash flows are derived from budget period of 5 years and do not include restructuring activities that the Group is not yet committed to nor significant future investments that will enhance the asset base of the cash generating unit being tested.

The Group has adjusted the cash flows forecast and assumptions in 2020 to consider the impact associated with the COVID 19 pandemic. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model, as well as revenue growth rates, gross margins and terminal growth rates used. The pre-tax discount rates used in 2020 and 2019 was 9% to 10.85% and 10%, respectively. The growth rates used beyond the forecast period for different cash-generating units is 3% to 12%.

As of December 31, 2020 and 2019, the Group has determined that its goodwill is not impaired. The carrying value of goodwill amounted to ₱4.57 billion as of December 31, 2020 and 2019 (see Note 4).



Recognition of Deferred Income Tax Assets

The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces deferred income tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. However, there is no assurance that the Group will generate sufficient future taxable profit to allow all or part of its deferred income tax assets to be utilized.

The Group's recognized deferred tax assets amounted to ₱2,186.24 million and ₱1,559.07 million as of December 31, 2020 and 2019, respectively (see Note 28). The tax effect of the Group's carryforward benefits of NOLCO for which no deferred income tax assets were recognized amounted to ₱96.71 million and ₱95.75 million as of December 31, 2020 and 2019, respectively (see Note 28).

Fair Values of Financial Instruments

The preparation of consolidated financial statements in compliance with PFRS requires certain financial assets and financial liabilities to be measured at fair value and fair value disclosure of financial instruments, the determination of which requires the use of extensive accounting estimates and judgments. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., interest rate), the amount of changes in fair value would differ due to usage of different valuation methodology. Any changes in fair value of these financial assets and financial liabilities would affect directly the Group's consolidated statement of income and other comprehensive income (see Note 29).

4. **Goodwill**

Goodwill arising from business combinations in the Group's consolidated statements of financial position as of December 31, 2020 and 2019 consists of (amounts in thousands):

Festival Supermall structure	₱3,745,945
FAC	494,744
CPI	326,553
	<hr/>
	₱4,567,242

In September 2006, the Group entered into a series of transactions pursuant to which it acquired: (1) 60% ownership interest in FAC from FDC; (2) 60% ownership interest in CPI from FAI; and, (3) Festival Supermall structure from FAI. In exchange for acquiring these assets, the Group issued a total of 5.64 billion common shares to FDC and FAI and assumed ₱2.50 billion outstanding debts of FDC and FAI. The business combinations resulted in the recognition of goodwill amounting to ₱4.24 billion, which comprises the fair value of expected synergies arising from the acquisitions.

Subsequently in February 2010, the Parent Company acquired the remaining 40% interests in CPI from Africa-Israel Properties (Phils.), Inc. to obtain full control of the then joint venture. The acquisition resulted in CPI becoming wholly-owned subsidiary of the Parent Company. The acquisition of the joint venture partner's interests was accounted for as business combination and resulted to recognition of goodwill amounting to ₱326.55 million.

As of December 31, 2020 and 2019, the recoverable value of the cash generating units to which the goodwill pertains is in excess of the carrying value of the cash generating units, thus, no impairment has been recognized.



5. Segment Reporting

For management purposes, the Group is organized into the following business units:

Real Estate

This involves the acquisition of land, planning and development of large-scale, fully integrated residential communities, as well as the development and sale of residential lots, housing units, medium-rise residential buildings, farm estates, industrial parks, residential resort projects, a private membership club and condominium buildings.

Leasing

This involves the operations of Festival Supermall, Fora Tagaytay, Centro Square and Il Corso, including its management and theater operations, and the leasing of commercial and office spaces in Makati City, Muntinlupa City, Pasay City, Bacoor City, Tagaytay City, Cebu City and Clark.

Management monitors the operating results of each of its business units for purposes of resource allocation and performance assessment. Performance of each segment is evaluated based on their profit and loss or net income.

The chief operating decision-maker of the Group is the Executive Committee. The committee reviews internal reports to assess performance and allocate resources. Based on the reports, it is also able to determine both the operating and non-operating segments. Reporting by geographical segments does not apply as the Group currently operates in the Philippines only.

No operating segments have been aggregated to form the above reportable segments. Transfer prices between segments are based on rates agreed upon by the parties and have terms equivalent to transactions entered into with third parties.

For the years ended December 31, 2020, 2019 and 2018, there were no revenue transactions with a single external customer which accounted for 10% or more of the consolidated revenue from external customers.

The information about the financial position and results of operations of these business segments for the years ended December 31, 2020, 2019 and 2018 are summarized below (amounts in thousands).

	2020				
	Real Estate Operations	Leasing Operations	Combined	Adjustments and Eliminations	Consolidated
Revenue					
External	₱9,775,978	₱6,447,363	₱16,223,341	₱-	₱16,223,341
Inter-segment	61,144	-	61,144	(61,144)	-
	9,837,122	6,447,363	16,284,485	(61,144)	16,223,341
Equity in net earnings of associates	516,450	-	516,450	-	516,450
Other income	9,291,622	484,270	9,775,892	(9,031,037)	744,855
	₱19,645,194	₱6,931,633	₱26,576,827	(₱9,092,181)	₱17,484,646
Net income	₱10,535,014	₱1,979,406	₱12,514,420	(₱8,556,670)	₱3,957,750
Adjusted EBITDA	₱11,650,307	₱5,371,478	₱17,021,785	(₱8,376,266)	₱8,645,519
Segment assets	₱127,394,893	₱63,510,274	₱190,905,167	(₱9,900,021)	181,005,146
Less net deferred tax assets	-	82,405	82,405	-	82,405
Net segment assets	₱127,394,893	₱63,427,869	₱190,822,762	(₱9,900,021)	180,922,741
Segment liabilities	₱53,922,142	₱55,825,136	₱109,747,278	(₱3,121,075)	₱106,626,203
Less net deferred tax liabilities	6,339,213	(20,489)	6,318,724	194,312	6,513,036
Net segment liabilities	₱47,582,929	₱55,845,625	₱103,428,554	(₱3,315,387)	₱100,113,167

(Forward)



2020					
	Real Estate Operations	Leasing Operations	Combined	Adjustments and Eliminations	Consolidated
Cash flows provided by (used in):					
Operating activities	(P4,821,733)	P 13,760,967	P8,939,234	(P1,646,883)	P7,292,351
Investing activities	(322,843)	(5,298,320)	(5,621,163)	-	(5,621,163)
Financing activities	912,263	(455,230)	457,033	(208,285)	248,748
2019					
	Real Estate Operations	Leasing Operations	Combined	Adjustments and Eliminations	Consolidated
Revenue					
External	P17,013,120	P7,008,742	P24,021,862	P-	P24,021,862
Inter-segment	34,362	-	34,362	(34,362)	-
	17,047,482	7,008,742	24,056,224	(34,362)	24,021,862
Equity in net earnings of associates	401,525	-	401,525	-	401,525
Other income	1,935,747	632,521	2,568,268	(1,318,345)	1,249,923
	P19,384,754	P7,641,263	P27,026,017	(P1,352,707)	P25,673,310
Net income	P4,760,397	P2,342,253	P7,102,650	(P582,850)	P6,519,800
Adjusted EBITDA	P6,003,896	P6,203,684	P12,207,580	(P520,774)	P11,686,806
Segment assets	P130,313,658	P49,609,668	P179,923,326	(P6,226,895)	P173,696,431
Less net deferred tax assets	3,019	49,416	52,435	-	52,435
Net segment assets	P130,310,639	P49,560,252	P179,870,891	(P6,226,895)	P173,643,996
Segment liabilities	P70,604,255	P31,548,256	P102,152,511	(P620,373)	P101,532,138
Less net deferred tax liabilities	6,057,332	361,238	6,418,570	94,043	6,512,613
Net segment liabilities	P64,546,923	P31,187,018	P95,733,941	(P714,416)	P95,019,525
Cash flows provided by (used in):					
Operating activities	P4,646,540	P5,753,086	P10,399,626	(P1,225,412)	P9,174,214
Investing activities	(2,769,256)	(6,272,829)	(9,042,085)	-	(9,042,085)
Financing activities	(1,591,008)	(208,412)	(1,799,420)	21,352	(1,778,068)
2018					
	Real Estate Operations	Leasing Operations	Combined	Adjustments and Eliminations	Consolidated
Revenue					
External	P14,404,201	P5,608,258	P20,012,459	P-	P20,012,459
Inter-segment	181,464	-	181,464	(181,464)	-
	14,585,665	5,608,258	20,193,923	(181,464)	20,012,459
Equity in net earnings of associates	537,017	-	537,017	-	537,017
Other income	3,185,166	467,407	3,652,573	(1,996,864)	1,655,709
	P18,307,848	P6,075,665	P24,383,513	(P2,178,328)	P22,205,185
Net income	P4,221,922	P2,781,968	P7,003,890	(P928,017)	P6,075,873
Adjusted EBITDA	P5,889,623	P4,365,338	P10,254,961	(P1,010,526)	P9,244,435
Segment assets	P123,063,731	P40,146,945	P163,210,676	(P4,350,193)	P158,860,483
Less net deferred tax assets	-	85,979	85,979	-	85,979
Net segment assets	P123,063,731	P40,060,966	P163,124,697	(P4,350,193)	P158,774,504
Segment liabilities	P67,607,723	P24,020,736	P91,628,459	(P39,598)	P91,588,861
Less net deferred tax liabilities	5,712,303	208,272	5,920,575	91,099	6,011,674
Net segment liabilities	P61,895,420	P23,812,464	P85,707,884	(P130,697)	P85,577,187
Cash flows provided by (used in):					
Operating activities	P3,121,748	P5,055,342	P8,177,090	(P1,147,303)	P7,029,787
Investing activities	(1,175,318)	(3,820,422)	(4,995,740)	-	(4,995,740)
Financing activities	1,266,481	(4,499,650)	(3,233,169)	42,592	(3,190,577)



The following table shows a reconciliation of the adjusted earnings before interest and other finance charges, income taxes, depreciation and amortization (EBITDA) to income before income tax in the consolidated statement of income. Adjusted EBITDA is the Group's EBITDA adjusted by the equity in net earnings from associates for the year:

	2020	2019	2018
	(In Thousands)		
Adjusted EBITDA	₱8,645,519	₱11,686,806	₱9,244,435
Depreciation and amortization (Notes 13, 14 and 16)	(1,594,368)	(1,320,598)	(810,629)
Operating profit	7,051,151	10,366,208	8,433,806
Interest and other finance charges (Note 23)	(3,189,462)	(2,492,965)	(1,192,441)
Equity in net earnings of an associate (Note 12)	516,450	401,525	537,017
Income before income tax	₱4,378,139	₱8,274,768	₱7,778,382

6. Revenue from Contracts with Customers

Disaggregated Revenue Information

The Group's disaggregation of each sources of revenue is presented below:

	2020	2019	2018
	(In Thousands)		
Real estate sales by market segment			
Medium income	₱7,332,043	₱9,480,551	₱8,014,917
High-end	1,027,486	1,771,683	1,344,593
Low affordable	769,438	1,924,766	1,490,456
Affordable	605,847	3,490,925	3,280,057
Socialized	102,308	345,195	274,178
	₱9,837,122	₱17,013,120	₱14,404,201
Cinema operations by type of goods or services (included as part of rental and related services)			
Theater sales	18,821	150,565	129,333
Snack bar sales	1,920	22,526	16,201
	20,741	173,091	145,534
Total revenue from contracts with customers	9,857,863	17,186,211	14,549,735
Rental and related services			
Office leasing	5,558,845	5,170,892	3,858,191
Mall operations	806,633	1,664,759	1,604,533
	6,365,478	6,835,651	5,462,724
Total Revenue	₱16,223,341	₱24,021,862	₱20,012,459



The Group's real estate sales and theater sales are revenue from contracts with customers which are recognized over time while revenue from snack bar sales is recognized at a point in time.

As of December 31, 2020, contract balances are as follows:

	Current	Noncurrent	Total
	(In Thousands)		
Contracts receivable	₱4,156,939	₱–	₱4,156,939
Contract assets	5,400,329	3,533,733	8,934,062
Contract liabilities	1,249,050	767,219	2,016,269

As of December 31, 2019, contract balances are as follows:

	Current	Noncurrent	Total
	(In Thousands)		
Contracts receivable	₱1,446,192	₱–	₱1,446,192
Contract assets	5,998,421	7,117,321	13,115,742
Contract liabilities	972,758	779,648	1,752,406

Contracts receivable from real estate sales are collectible in equal monthly principal installments in varying periods of two (2) to ten (10) years. Interest rates per annum range from 11.5% to 19.0%. Titles to the residential units sold transferred to customers upon full payment of the contract price.

Contract assets represent the right to consideration for assets already delivered by the Group in excess of the amount recognized as contracts receivable. Contract assets is reclassified to contracts receivable when monthly amortization of customer is due for collection.

In 2020 and 2019, the Parent Company entered into an Agreement for Purchase of Contract Assets with a local bank. The bank agreed to buy the contract assets on a without recourse basis, and the Parent Company agreed to sell, assign, transfer and convey to the bank all its rights, titles, and interest in and to the contract assets. Total proceeds from these transactions equivalent to the carrying value of the contract assets sold amounted to ₱900.54 million and ₱1.50 billion in 2020 and 2019, respectively.

Contract liabilities consist of collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the good and services transferred based on percentage of completion. The movement in contract liability arise mainly from revenue recognition of completed performance obligations.

Performance Obligation

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

Real estate sales

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



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

Payment commences upon signing of the purchase application form and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include downpayment of 20% to 30% of the contract price spread over a certain period (e.g., one to two years) at a fixed monthly payment with the remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing which ranges from two (2) to ten (10) years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results in either a contract asset or contract liability.

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

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) as at December 31, 2020 and 2019 amounted to ₱3.75 billion and ₱1.79 billion, respectively. Performance obligation for the transaction price amounting to ₱2.73 billion and ₱1.23 billion will be satisfied within one year as of December 31, 2020 and 2019, respectively.

The remaining performance obligations expected to be recognized within one year and in more than one year relate to the continuous development of the Group's real estate projects. The Group's mid-rise condominium units and high rise condominium units are completed within three (3) and five (5) years, respectively, from start of construction while house and lots are expected to be completed within 12 months.

Rental agreements

The Group entered into lease agreements for its mall retail spaces and office spaces with the following identified performance obligations: (a) lease of space (b) provisioning of water and electricity and (c) provision of air conditioning and CUSA services (d) administration fee. Revenue from lease of space is recognized on a straight line basis over the lease term while revenue for the remaining performance obligations are recognized when services are rendered. The tenant is required to settle within 7 to 20 days upon receipt of the bill. In case of delay in payments, a penalty of 3% to 36% per annum is charged for the amount due for the duration of delay. The lease arrangement would typically require a tenant to pay advance rental equivalent to three (3) months and a security deposit equivalent to three (3) months rental to cover any breakages after the rental period, with the excess returned to the tenant.

In line with the rental relief framework implemented by the government to support businesses and the broader economy due to the impact of COVID-19, the Group waived its right to collect rent and other charges as part of lease concessions it granted to lessees. Rent discounts and concessions given vary for merchants that are (1) allowed to operate during community quarantine and operational (2) allowed to operate during community quarantine but not operational (3) not allowed to operate during community quarantine.



Cost to Obtain Contracts and Contract Fulfillment Assets

The rollforward of the cost to obtain contract included in the other current assets is as follows:

	2020	2019
	(In Thousands)	
Balance at beginning of year	₱467,807	₱278,122
Additions	835,535	908,319
Amortization (Note 22)	(526,547)	(718,634)
Balance at end of year (Note 11)	₱776,795	₱467,807

Amortization of cost to obtain contract is recognized in the statements of comprehensive income under selling and marketing expenses.

For the years ended December 31, 2020 and 2019, additions of contract fulfillment costs amounted to ₱921.86 million and ₱281.19 million, respectively. Amortization of contract fulfillment costs amounted to ₱312.73 million and ₱530.23 million for the years ended December 31, 2020 and 2019, respectively. Contract fulfillment assets is included as part of real estate inventories.

The Group reviews its major contracts to identify indicators of impairment of contract fulfillment assets by comparing the carrying amount of the asset to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract.

In determining estimated amount of consideration, the Group uses the same principles in determining contract transaction price.

It is the Group's accounting policy, as set out in Note 2, that if a contract or specific performance obligation has exhibited marginal profitability or other indicators of impairment, judgement is applied to ascertain whether the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific key performance indicators that could trigger variable consideration, or service credits.

7. Cash and Cash Equivalents

This account consists of:

	2020	2019
	(In Thousands)	
Cash	₱3,886,911	₱2,321,835
Cash equivalents	2,806,646	2,451,786
	₱6,693,557	₱4,773,621

Cash includes cash on hand and in banks. Cash in bank earns 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 (3) months or less from dates of placement and are subject to an insignificant risk of change in value.



Interest income earned on the Group's cash and cash equivalents amounted to ₱34.53 million, ₱18.96 million and ₱64.44 million in 2020, 2019 and 2018, respectively (see Note 23).

There is no restriction on the Group's cash and cash equivalents as at December 31, 2020 and 2019.

8. Contracts Receivable

This account consists of:

	2020	2019
	(In Thousands)	
Contracts receivable	₱3,963,551	₱1,253,612
Receivables from government and financial institutions	193,388	192,580
	₱4,156,939	₱1,446,192

Contracts receivable are collectible over varying periods within two (2) to ten (10) years. The receivables arising from real estate sales are collateralized by the corresponding real estate properties sold. The Group records any excess of progress work over the right to an amount of consideration that is unconditional (i.e., contracts receivable) as contract assets (see Note 6).

On March 25, 2020, Republic Act No. 11469, otherwise known as the Bayanihan to Heal as One Act ("Bayanihan 1 Act") was enacted. Bayanihan 1 Act provides that all covered institutions shall implement a 30-day grace period for all loans with principal and/or interest and lease amortization falling due within the ECQ Period without incurring interest on interest, penalties, fees and other charges. Subsequently, on September 11, 2020, Republic Act No. 11494, otherwise known as the Bayanihan to Recover as One Act ("Bayanihan 2 Act"), was enacted. Under Bayanihan 2 Act, a one-time sixty (60)-day grace period is granted for the payment of all existing, current and outstanding loans falling due, or any part thereof, on or before December 31, 2020, without incurring interest on interests, penalties, fees, or other charges and thereby extending the maturity of the said loans. Furthermore, a minimum 30-day grace period shall also be granted by covered institutions to all payments due within the period of community quarantine on rent and utility-related expenditures without incurring penalties, interest and other charges.

In 2020, the Group, provided reliefs under Bayanihan 1 Act and Bayanihan 2 Act, which offered financial reliefs to its borrowers/counterparties as a response to the effect of the COVID-19 pandemic. These relief measures included the restructuring of existing receivables including extension of payment terms.

Based on the Group's assessment, the modifications in the contractual cash flows as a result of the above reliefs are not substantial and therefore do not result in the derecognition of the affected financial assets.

Receivables from government and financial institutions pertain to government and bank-financed real estate sales. Receivables from government and financial institutions are collectible within one year.

Interest income recognized on contracts receivable amounted to ₱347.22 million, ₱403.85 million and ₱809.51 million in 2020, 2019 and 2018, respectively (see Note 23). Interest rates per annum on contracts receivable range from 11.5% to 19.0% for these years.



The Group has a mortgage insurance contract with Philippine Guarantee Corporation (PhilGuarantee), a government insurance company for a retail guaranty line. As of December 31, 2020 and 2019, the contracts (comprise of both contract receivables and contract assets) covered by the guaranty line amounted to ₱460.3 million and ₱799.9 million respectively. As of December 31, 2020 and 2019, the remaining unutilized guaranty line amounted to ₱2.04 billion and ₱2.06 billion, respectively.

As of December 31, 2020 and 2019, no impairment losses were recognized from contracts receivables.

9. Other Receivables

	2020	2019
	(In Thousands)	
Receivables from tenants	₱2,456,106	₱1,742,836
Due from related parties (Notes 12 and 20)	347,121	451,472
Advances to officers and employees	303,460	687,667
Receivables from homeowners' associations	230,189	155,226
Receivables from buyers	43,174	139,875
Others	23,126	38,962
	3,403,176	3,216,038
Less: Allowance for expected credit losses	40,993	40,993
	₱3,362,183	₱3,175,045

“Receivables from tenants” represent charges to tenants for rentals and utilities normally collectible within a year. Allowance for expected credit losses related to tenants’ accounts specifically determined to be impaired amounted to ₱25.13 million as of December 31, 2020 and 2019. Provision for expected credit losses recorded is nil for all periods presented.

“Advances to officers and employees” represent advances for project costs, marketing activities, travel and other expenses arising from the ordinary course of business which are liquidated upon the accomplishment of the purposes for which the advances were granted.

“Receivables from homeowners’ associations” represent claims from the homeowners’ association of the Group’s projects for the payment of the expenses on behalf of the association. Allowance for expected credit losses related to these receivables, determined using collective impairment assessment, amounted to ₱15.86 million as of December 31, 2020 and 2019. Reversal of provision for expected credit losses amounted to ₱21.40 million in 2018 and nil for 2020 and 2019.

“Receivables from buyers” mainly pertain to advances for fit-out funds and other advances relating to insurance and other chargeable expenses to buyers which are normally collectible within a year.

“Others” represent advances for selling, marketing, and administrative expenses of international sales offices, arising from the ordinary course of business which are liquidated upon the accomplishment of the purposes for which the advances were granted.



10. Real Estate Inventories

This account consists of:

	2020	2019
	(In Thousands)	
Real estate inventories - at cost		
Lots, condominium and residential units for sale	₱41,659,064	₱38,851,977
Land and land development	23,885,503	24,166,459
	₱65,544,567	₱63,018,436

A summary of the movement in lots, condominium and residential units for sale is set out below:

	2020	2019
	(In Thousands)	
Balance at beginning of year	₱38,851,977	₱42,244,626
Land costs transferred from land and land development	1,194,483	1,510,868
Net transfer to investment properties and property and equipment (Notes 13 and 14)	(40,831)	-
Construction/development costs incurred	6,576,586	4,079,159
Capitalized borrowing costs	663,683	871,195
Cost of real estate sales	(5,586,834)	(9,853,871)
	₱41,659,064	₱38,851,977

Capitalization rate for the capitalized borrowing costs is 1%, 1.5% and 2% in 2020, 2019 and 2018, respectively.

A summary of the movement in land and land development is set out below:

	2020	2019
	(In Thousands)	
Balance at beginning of year	₱24,166,459	₱25,608,402
Land acquisitions	450,018	1,955,859
Land costs transferred to real estate inventories	(1,194,483)	(1,510,868)
Net transfers and others (Notes 13 and 16)	(222,994)	(1,965,794)
Site development and incidental costs	686,503	78,860
	₱23,885,503	₱24,166,459

As of December 31, 2020 and 2019, on account additions to land and land development during the year which remain outstanding amounted to ₱2.90 million and ₱70.72 million, respectively, and these are recognized as part of "Accounts payable and accrued expense" (see Note 17).

Borrowing costs capitalized as part of land and land development, where activities necessary to prepare it for its intended use is ongoing, amounted to ₱113.48 million, ₱102.37 million and ₱126.19 million for the years ended December 31, 2020, 2019 and 2018, respectively. Capitalization rate is 2.4%, 4.5% and 3.4% in 2020, 2019 and 2018, respectively.

Acquisition of land and land development included under cash flows used in operating activities amounted to ₱1.02 billion, ₱2.62 billion and ₱2.01 billion for the years ended December 31, 2020, 2019 and 2018, respectively.



In 2015, the Parent Company, CPI and FAI acquired additional 19.2 hectares of South Road Properties from Cebu City Government for a total consideration of ₱3.38 billion plus interest (including ₱1.69 billion attributable to lots assigned to FAI). Of this amount, ₱2.35 billion has been paid as of December 31, 2017. The purchase transaction was completed upon full payment of the purchase price on December 17, 2019.

In 2019, lots amounting ₱1.97 billion were transferred from real estate inventories to investment properties as a result of the change in use of these lots (see Note 13). Lots under CPI are included as part of investment properties as of December 31, 2020 and 2019 (see Notes 13, 17 and 34).

In 2020, deposits previously held in escrow amounted to ₱281.85 million for the purchase of a parcel of land in Manila has been transferred to land and land development (see Note 16).

11. Other Current Assets

This account consists of:

	2020	2019
	(In Thousands)	
Input taxes	₱2,054,956	₱2,283,008
Cost to obtain contracts (Note 6)	776,795	467,807
Creditable withholding taxes	928,110	850,441
Prepaid expenses	570,337	427,695
Advances to contractors and suppliers	191,397	257,465
Construction materials and supplies	105,591	54,383
Short-term deposits (Note 31)	9,955	47,685
	₱4,637,141	₱4,388,484

“Input taxes” pertains to VAT passed on from purchases of goods or services which is applied against output VAT.

“Cost to obtain contract” includes commissions paid to brokers relating to the sale of real estate inventories which did not qualify for revenue recognition.

“Creditable withholding taxes” are the taxes withheld by the withholding agents from payments to the sellers which is creditable against the income tax payable.

“Prepaid expenses” consist of prepayments for commissions on leases, marketing fees, advertising and promotions, taxes and licenses, rentals and insurance.

“Advances to contractors and suppliers” pertain to down payments made by the Group which are applied against future billings for development and construction contracts of real estate inventories.

“Construction materials and supplies” pertain to inventories to be used in the construction and maintenance of projects.



12. Investments in Associates

This account consists of:

	2020	2019
	(In Thousands)	
At equity:		
Acquisition cost		
Balance at the beginning and end of year	₱906,619	₱837,829
Corporate Technologies, Inc. (CTI)	-	51,300
Pro-Excel	-	17,490
DPI	90,000	-
Balance at end of year	996,619	906,619
Accumulated equity in net earnings:		
Balance at the beginning of year, as previously stated	1,025,847	979,974
Impact of adoption of PFRS 16	-	48,348
Balance at the beginning of year, as restated	1,025,847	1,028,322
Equity in net earnings for the year	516,450	401,525
Dividend declaration	-	(404,000)
Balance at end of year	1,542,297	1,025,847
Share in revaluation increment on land at deemed cost*	1,876,422	1,876,422
Share in other components of equity	372,449	361,794
	₱4,787,787	₱4,170,682

*Presented as part of retained earnings in the consolidated statement of changes in equity.

As of December 31, the carrying value of the Group's investments in associates follows:

	2020	2019
	(In Thousands)	
FAI	₱4,552,473	₱4,030,474
DPI	87,702	-
FMI	74,022	70,902
CTI	52,146	51,816
Pro-excel	21,444	17,490
	₱4,787,787	₱4,170,682

FAI

The Parent Company has a 20% interest in FAI which is involved primarily in the development of commercial buildings, residential condominiums and land. FAI is also involved in leasing of commercial real estate and marketing.

Dividends declared by FAI for the years ended December 31, 2019 and 2018, and the corresponding share of the Group are as follows (nil for the year ended December 31, 2020):

Year	Total Dividends Declared	Share in Dividends	Dividend Receivable
	(In Thousands)		
2019	₱2,020,000	₱404,000	₱404,000
2018	3,390,000	678,000	384,000



Summarized financial information and reconciliation of investment in FAI is as follows:

	2020	2019
	(In Thousands)	
Current assets	₱13,528,951	₱14,619,142
Noncurrent assets	23,262,765	23,377,928
Total assets	36,791,716	37,997,070
Current liabilities	3,963,286	5,086,846
Noncurrent liabilities	6,991,632	9,587,647
Total liabilities	10,954,918	14,674,493
Equity	₱25,836,798	₱23,322,577
Proportion of the Group's ownership	20%	20%
Equity in net assets of associate	₱5,167,360	₱4,664,515
Less upstream sales	615,745	634,041
Carrying amount of the investment	4,551,615	₱4,030,474
Revenue and other income	₱4,926,052	₱6,164,284
Cost and other expenses	(1,920,348)	(2,917,065)
Depreciation	(242,019)	(217,802)
Interest expense	(177,689)	(211,063)
Interest income	55,488	39,060
Income before tax	2,641,484	2,857,414
Income tax expense	84,766	856,226
Net income for the year	2,556,718	₱2,001,188
Group's equity in net earnings of associate	₱511,344	₱400,238

DPI

On December 21, 2020, FDC subscribed to 110,000,000 common shares of Dreambuilders Pro, Inc. (DPI) with par value of ₱1.00 per share amounting ₱110.00 million and equivalent to 55% of DPI's outstanding shares. This resulted in the dilution of FLI's interest in DPI to 45% and deconsolidation by the Group (see Note 1). As a result of the dilution, the investment in DPI is accounted as investment in associate under the equity method. Gain on deconsolidation amounted to ₱131.17 million (see Note 24). Share in net loss of DPI between the date of sale and reporting date amounted to ₱2.30 million.

FMI

In 2016, FMI was incorporated and operating in the Philippines and handles the lease of the Mimosa Leisure Estate. The Parent Company subscribed for 47.5% of FMI's capital stock amounting to ₱37.83 million. For the years ended December 31, 2020, 2019 and 2018, share in net earnings of FMI amounted to ₱3.12 million, ₱0.77 million and ₱3.75 million, respectively.

On January 1, 2019, FMI adopted PFRS 16, *Leases*, resulting in a transition adjustment in FMI's retained earnings which resulted in the restatement in the beginning investment in FMI amounting to ₱48.35 million.



CTI

In 2019, the 30% interest in CTI of the Parent Company was classified as an investment in associate. CTI is primarily involved in information technology service management. Share in net earnings of CTI amounted ₱0.33 million and ₱0.52 million for the years ended December 31, 2020 and 2019, respectively.

Pro-Excel

On December 26, 2019, CPI and FCI, wholly owned subsidiaries of the Parent, entered into a Deed of Assignment to sell ownership in Pro-Excel to FAI. The sale resulted in a loss of control in Pro-Excel and deconsolidation by the Group. As of December 31, 2020, the remaining ownership of the Parent Company in Pro-Excel is 33%. Share in net earnings of Pro-Excel amounted to ₱3.96 million for the year ended December 31, 2020.

Aggregate financial information on the associates with immaterial interest (FMI, CTI, Proexcel and DPI) follows:

	2020	2019
	(In Thousands)	
Carrying Amount	₱236,172	₱140,208
Share in net income	5,106	1,287
Share in total comprehensive income	5,106	1,287

The Group does not restrict profit distribution of its associates. The associates have no contingent liabilities outside of the ordinary course of business or capital commitments as at December 31, 2020 and 2019.

13. Investment Properties

The rollforward analysis of this account as of December 31 follows:

	2020					
	Land	Buildings and Improvements	Machinery and Equipment	Construction in Progress	Right-of-use assets (Note 15)	Total
	(In Thousands)					
Cost						
Balances at beginning of year	₱15,771,312	₱28,669,503	₱164,814	₱22,649,397	₱5,279,966	₱72,534,992
Additions	12,270	205,738	91,320	4,225,885	96,170	4,631,383
Disposals	(672,802)	-	-	-	-	(672,802)
Transfers (Notes 10 and 14)	(311,880)	284,183	(39,714)	(35,155)	-	(101,836)
Balances at end of year	14,798,900	29,160,153	216,420	26,840,127	5,376,136	76,391,736
Accumulated Depreciation						
Balances at beginning of year	-	5,786,881	146,960	-	140,091	6,073,932
Depreciation (Note 21)	-	837,056	103,517	-	148,031	1,088,605
Transfers (Notes 10 and 14)	-	-	(35,757)	-	-	(35,757)
Balances at end of year	-	6,623,937	214,720	-	288,122	7,126,779
Net Book Value	₱14,798,900	₱22,536,216	₱1,700	₱26,840,127	₱5,088,014	₱69,264,957



	2019					
	Land	Buildings and Improvements	Machinery and Equipment	Construction in Progress	Right-of-use assets (Note 15)	Total
	(In Thousands)					
Cost						
Balances at beginning of year	₱13,462,960	₱27,804,861	₱98,061	₱14,272,872	₱-	₱54,918,754
Effect of adoption of PFRS 16	-	-	-	-	5,279,966	5,279,966
Balance at beginning of year as restated	13,462,960	27,084,861	98,061	14,272,872	5,279,966	60,198,720
Additions	16,598	984,853	10,832	8,376,525	-	9,388,808
Transfers (Notes 10 and 14)	2,291,754	599,789	55,921	-	-	2,947,464
Balances at end of year	15,771,312	28,669,503	164,814	22,649,397	5,279,966	72,534,992
Accumulated Depreciation						
Balances at beginning of year	-	4,839,921	60,462	-	-	4,931,902
Effect of adoption of PFRS 16	-	31,159	-	-	-	31,159
Balance at beginning of year as restated	-	4,871,440	60,462	-	-	4,900,383
Depreciation (Note 21)	-	767,317	34,575	-	140,091	941,983
Transfers (Notes 10 and 14)	-	148,124	51,923	-	-	200,047
Balances at end of year	-	5,786,881	146,960	-	140,091	6,073,932
Net Book Value	₱15,771,312	₱22,882,622	₱17,854	₱22,649,397	₱5,139,875	₱66,461,060

As of December 31, 2020 and 2019, land includes South Road Properties acquired from Cebu City Government in 2015 (see Notes 10 and 31). Construction in progress pertain to buildings under construction to be leased as retail and office spaces upon completion.

On October 7, 2020, CPI sold a portion of its South Road Properties with a carrying value of ₱672.8 million for a consideration of ₱737.8 million. The gain on sale amounting ₱65.3 million is presented as gain on sale of investment property under “Other income” in the consolidated statement of comprehensive income (Note 24).

Borrowing costs capitalized as part of investment properties amounted to ₱645.27 million, ₱404.10 million and ₱983.75 million, in 2020, 2019 and 2018, respectively. Capitalization rate used is 1.00% to 6.14%, 2.43% to 6.47%, and 1.46% to 7.65% in 2020, 2019 and 2018.

As of December 31, 2020 and 2019, on account additions to investment properties which remain outstanding amounted to ₱1.66 billion and ₱2.92 billion, respectively, and these are recognized as part of “Accounts payable and accrued expense” (see Note 17).

The aggregate fair value of the Group’s investment properties amounted to ₱134.54 billion and based on third party appraisals performed in 2020 by an SEC accredited independent appraiser and management appraisal updated using current and year-end values and assumptions. The fair value of investment properties was determined using the Income Approach based on discounted cash flow analysis for buildings and Market approach for land.

Under the Income Approach, all expected cash flow from the use of the assets were projected and discounted using the appropriate discount rate reflective of the market expectations. The valuation of investment property is categorized as Level 3 in the fair value hierarchy since valuation is based on unobservable inputs. The significant unobservable inputs used in the valuation pertains to lease income growth rate and discount rate.

Market data approach provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. This approach was used for the land as it is commonly used in the property market since inputs and data for this approach are available. For market data approach, the higher the rise per sqm., the higher the fair value. The significant unobservable inputs to valuation of the land is the price per square meter ranging from ₱46,000 to ₱275,000.



Rental income from investment properties amounted to ₱6.15 billion, ₱6.64 billion and ₱5.32 billion in 2020, 2019 and 2018, respectively (see Note 6). Cost of rental services arising from investment properties is as follows:

	2020	2019	2018
	(In Thousands)		
Depreciation	₱779,223	₱600,409	₱568,228
Mall operations	147,463	347,525	400,135
Others	3,719	110,923	110,392
	₱930,405	₱1,058,857	₱1,078,755

“Others” pertain to cost of ticket sales and snack bar sales. The Group classifies the depreciation of fit out cost and machinery and equipment related to the common area and air-conditioning as part of the maintenance and air-conditioning dues that are collected from the tenants. In 2020, 2019 and 2018, depreciation expense recognized as part of “Rental and related services” revenue amounted to ₱161.35 million, ₱201.48 million and ₱55.69 million, respectively.

Deed of Sale on Installment of the 19.2-hectare South Road Properties (SRP)

In July 2015, FLI, CPI and FAI (collectively referred to as Filinvest Consortium) won the bidding for a 19.20-hectare lot in Cebu’s SRP (see Notes 10 and 13). Thereafter, on August 7, 2015, Filinvest Consortium entered into a Deed of Sale on Installment (DSI) with the Cebu City Government. In a letter dated January 6, 2017, the Cebu City Mayor questioned the validity of the sale and gave the buyers the option to withdraw from the sale at buyer’s discretion. In a letter to the Cebu City Mayor dated February 7, 2017 (the Letter), Filinvest Consortium expressed its intention to rescind the DSI. Under the DSI, Cebu City undertook to comply with several covenants, undertakings and obligations no later than February 7, 2016 (or 180 days from execution of the DSI). The Letter pointed out that as of February 7, 2017, the said covenants, undertakings and obligations have not been complied with and it does not appear that these will be complied with within a foreseeable reasonable period of time.

The rescission of the DSI shall only take effect upon return by Cebu City of the down payment and installment payments made to Cebu City by Filinvest Consortium, plus interests, within ninety (90) days from receipt of the Letter in accordance with Section 5.7 of the DSI. Pending receipt of such payments, the DSI shall remain valid and subsisting by and among the parties.

The 19.2-hectare property mentioned above is a separate property from the other two properties within the SRP which were acquired from Cebu City: a) the 40-hectare property under a joint venture undertaking with Cebu City; and b) the 10-hectare property which was already paid in full by FLI to Cebu City.

On August 2, 2019, Filinvest Consortium informed Cebu City that the payments will be judicially consigned in accordance with law considering that to date, Cebu City has not yet returned the payments with interest, thus, the conditional rescission has already expired. In response, Cebu City issued a letter dated October 4, 2019 to FLI Consortium and insisted that the latter has no longer any debt to Filinvest Consortium as the DSI was effectively rescinded. Cebu City reiterates its willingness to reconstitute the Filinvest Consortium of the amount it has already paid prior the rescission.

The Cebu City Government and Filinvest Consortium came to a resolution on January 8, 2020 with the full payment and the signing of the Deed of Absolute Sale. The Filinvest Consortium paid on December 17, 2019 the full amount of the purchase price of the lot plus the accumulated interest for the unpaid installments since 2017. Accordingly, the matter has been resolved.



The carrying value of the property amounted to ₱1.20 billion and ₱1.86 billion as of December 31, 2020 and 2019, respectively.

14. Property and Equipment

The rollforward analysis of this account as of December 31 follows:

	2020						Total
	Land and Buildings	Machinery and Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Construction in Progress	
(In Thousands)							
Cost							
Balances at beginning of year	₱2,118,313	₱1,227,672	₱153,222	₱102,306	₱92,761	₱453,675	₱4,147,949
Additions	42,281	341,846	21,354	11,464	106,703	9,549	533,197
Transfers (Note 13)	–	263,844	–	–	–	(279,780)	(15,936)
Deconsolidation (Note 12)	–	(29,346)	(6,788)	(1,247)	(7,728)	–	(45,109)
Balances at end of year	2,160,594	1,804,016	167,788	112,523	191,736	183,444	4,620,101
Accumulated Depreciation and Amortization							
Balances at beginning of year	278,285	336,137	102,659	63,123	79,027	–	859,231
Depreciation and amortization (Note 21)	49,696	288,860	27,703	13,670	43,409	–	423,338
Deconsolidation (Note 12)	–	(5,096)	(1,922)	(504)	(3,091)	–	(10,613)
Balances at end of year	327,981	619,901	128,440	76,289	119,345	–	1,271,956
Net Book Value	₱1,832,613	₱1,184,115	₱39,348	₱36,234	₱72,391	₱183,444	₱3,348,145
2019							
	Land and Buildings	Machinery and Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Construction in Progress	Total
(In Thousands)							
Cost							
Balances at beginning of year	₱2,974,591	₱878,418	₱140,859	₱112,224	₱91,610	₱474,345	₱4,672,047
Additions	69,471	421,463	17,581	5,947	1,151	26,171	541,784
Disposals	(925,749)	(72,209)	(5,218)	(15,865)	–	(46,841)	(1,065,882)
Balances at end of year	2,118,313	1,227,672	153,222	102,306	92,761	453,675	4,147,949
Accumulated Depreciation and Amortization							
Balances at beginning of year	290,582	326,718	82,479	71,193	67,955	–	838,927
Depreciation and amortization (Note 21)	188,373	77,632	22,980	4,164	11,416	–	304,565
Disposals	(200,670)	(68,213)	(2,800)	(12,234)	(344)	–	(284,261)
Balances at end of year	278,285	336,137	102,659	63,123	79,027	–	859,231
Net Book Value	₱1,840,028	₱891,535	₱50,563	₱39,183	₱13,734	₱453,675	₱3,288,718

On August 1, 2019, Timberland Sports and Nature Club, Inc. (TSNC) is undergoing replanning and renovation due to change of the primary purpose of TSNC from that of an exclusive recreational sports club to a real estate development company. As the use of these assets were changed for leasing purposes, property and equipment amounting to ₱981.67 million, gross of accumulated depreciation of ₱200.05 million, were transferred to investment properties (see Note 13).

As of December 31, 2020 and 2019, on account additions to property and equipment which remain outstanding amounted to ₱2.18 million and ₱2.38 million, respectively, and these are recognized as part of “Accounts payable and accrued expenses” (see Note 17).



15. Leases

Group as lessee

The Group has lease contracts for land as of January 1, 2020. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group has entered into land lease arrangements with lease terms of between 25 and 50 years. There are several leases that include extension option to lease the assets for additional 25 years based on mutual agreement of the parties.

As at December 31, 2020 and 2019, the rollforward analysis of right-of-use assets on land follows:

	2020		
	Investment Properties (Note 13)	Other Noncurrent assets (Note 16)	Total
	(In Thousands)		
Cost			
At January 1	₱5,279,966	₱112,424	₱5,392,390
Additions	96,170	–	96,170
As at December 31	5,376,136	112,424	5,488,560
Accumulated Depreciation			
At January 1	140,091	4,497	144,588
Depreciation (Note 21)	148,031	4,497	152,528
As at December 31	288,122	8,994	297,116
Net Book Value	₱5,088,014	₱103,430	₱5,191,144
	2019		
	Investment Properties (Note 13)	Other Noncurrent assets (Note 16)	Total
	(In Thousands)		
Cost			
At January 1	₱–	₱–	₱–
Effect of adoption of PFRS 16	5,279,966	112,424	5,392,390
At January 1, as restated	5,279,966	112,424	5,392,390
Additions	–	–	–
As at December 31	5,279,966	112,424	5,392,390
Accumulated Depreciation			
At January 1	–	–	–
Depreciation (Note 21)	140,091	4,497	144,588
As at December 31	140,091	4,497	144,588
Net Book Value	₱5,139,875	₱107,927	₱5,247,802

The Group reclassified right-of-use assets in 2019 to conform to the 2020 financial statement presentation. Right-of-use assets presented separately were reclassified to investment properties and other noncurrent assets. The statement of financial position as at the beginning of the earliest presented is not presented as the reclassifications have no impact on total noncurrent assets as of December 31, 2019 and January 1, 2019.



The following are the amounts recognized in the consolidated statement of income for the years ended December 31:

	2020	2019
	(In Thousands)	
Depreciation expense of right-of-use assets (included in general and administrative expenses) (Note 21)	₱152,528	₱144,588
Interest expense on lease liabilities (included in interest and other finance charges) (Note 23)	504,674	488,732
Total amount recognized in statement of income	₱657,202	₱633,320

Interest expense capitalized as part of investment properties amounted to ₱108.14 million in 2020.

As at December 31, 2020 and 2019, the rollforward analysis of lease liabilities follows:

	2020	2019
	(In Thousands)	
At January 1,	₱5,870,064	₱5,677,269
Additions	96,170	-
Interest expense (Note 23)	504,674	488,732
Payments	(317,948)	(295,937)
As at December 31	6,152,960	5,870,064
Lease liabilities - current portion	328,796	318,119
Lease liabilities - net of current portion	₱5,824,164	₱5,551,945

The Group also has certain lease of land with variable rental payments and lease of office space considered as 'low-value assets'. The Group applies the lease of 'low-value assets' recognition exemptions for these leases.

The following are the amounts recognized in statement of income for the years ended December 31:

	2020	2019
	(In Thousands)	
Variable lease payments (included in general and administrative expenses) (Note 23)	₱9,677	₱8,586
Expenses relating to leases of low-value assets (included in general and administrative expenses) (Note 23)	2,973	7,022
Total	₱12,650	₱15,608

Shown below is the maturity analysis of the undiscounted lease payments:

	2020	2019
	(In Thousands)	
1 year	₱345,345	₱318,119
more than 1 years to 2 years	362,161	327,406
more than 2 years to 3 years	375,283	343,323
more than 3 years to 4 years	394,731	355,504
more than 5 years	28,698,182	28,150,175



Group as lessor

As lessor, future minimum rental receivables under renewable operating leases as of December 31, 2020 and 2019 are as follows:

	2020	2019
	(In Thousands)	
Within one year	₱5,318,158	₱5,889,642
After one year but not more than five years	11,450,935	18,318,129
After five years	5,826,570	9,255,399
	₱22,595,663	₱33,463,170

The Group entered into lease agreements with third parties covering real estate properties. These leases generally provide for either (a) fixed monthly rent (b) minimum rent or a certain percentage of gross revenue, whichever is higher. Most lease terms on commercial malls are renewable within one year, except for anchor tenants with lease ranging from 5 to 15 years.

Rental income recognized based on a percentage of the gross revenue of mall tenants included in “Rental and related services” account in the consolidated statement of income amounted to ₱292.56 million, ₱334.40 million and ₱289.57 million in 2020, 2019 and 2018, respectively. In 2020, the Group granted rental concessions to its tenants which were affected by the community quarantine imposed by the government amounting to ₱625.37 million. These rent concessions did not qualify as a lease modification, thus, were accounted for as negative variable lease payments and reported as reduction of lease income in 2020 (see Note 3).

16. Other Noncurrent Assets

This account consists of:

	2020	2019
	(In Thousands)	
BTO rights (Note 31)	₱3,576,269	₱2,858,460
Advances to contractors and suppliers (Note 11)	1,579,205	1,467,249
Advances to joint venture partners	401,890	408,833
Right-of-use assets (Note 15)	112,424	112,424
Deposits (Note 10)	15,200	325,544
Financial assets at FVOCI (Notes 30 and 31)	15,622	15,622
Other assets (Note 31)	205,418	248,084
	5,906,028	5,436,216
Less accumulated amortization	279,867	197,442
	₱5,626,161	₱5,238,774

On March 26, 2012, FLI entered into a BTO agreement with Cebu Province. This was subsequently assigned to the Parent Company in August 2012 (see Note 3).

“BTO rights” relate to the development cost, construction and operation of BPO Complex at the land properties owned by Cebu Province. As of December 31, 2020, and 2019, cost of completed portion pertaining to Cebu Towers 1 and 2 of the BTO project amounted to ₱2.6 billion. Construction of Cebu Towers 3 and 4 are still on-going and are expected to be completed in 2021 and 2022, respectively.



“Right-of-use assets” pertain to the related lease payments required under land lease contracts and the BTO agreement for the land where the buildings were constructed.

The rollforward analysis of BTO rights and right-of-use assets as of December 31 follows:

	2020		
	BTO Rights	Right-of-Use Assets (Note 15)	Total
	(In Thousands)		
Cost			
Balance at beginning of year	₱2,858,460	₱112,424	₱2,970,884
Additions	717,809	–	717,809
Balance at end of year	3,576,269	112,424	3,688,693
Accumulated Amortization			
Balance at beginning of year	192,945	4,497	197,442
Depreciation	77,928	4,497	82,425
Balance at end of year	270,873	8,994	279,867
Net Book Value	₱3,305,396	₱103,430	₱3,408,826
<hr/>			
	2019		
	BTO Rights	Right-of-Use Assets (Note 15)	Total
	(In Thousands)		
Cost			
Balance at beginning of year	₱2,609,370	₱–	₱2,609,370
Effect of adoption of PFRS 16	–	112,424	112,424
Balance at beginning of year, as restated	2,609,370	112,424	2,721,794
Additions	249,090	–	249,090
Balance at end of year	2,858,460	112,424	2,970,884
Accumulated Depreciation			
Balance at beginning of year	123,392	–	123,392
Depreciation	69,553	4,497	74,050
Balance at end of year	192,945	4,497	197,442
Net Book Value	₱2,665,515	₱107,927	₱2,773,442

In 2020, 2019 and 2018, related amortization recognized as part of “Cost of rental and related services” amounted to ₱77.93 million, ₱69.55 million and ₱52.75 million, respectively. Rental income amounting to ₱215.5 million and ₱193.3 million and ₱142.7 million in 2020, 2019 and 2018, respectively, was recognized as part of “Revenue from rental and related services”.

“Advances to contractors and suppliers” pertain to down payments made by the Group which are applied against future billings for development and construction contracts of investment properties and property and equipment.

“Deposits” include utility and security deposits. In 2020, deposits previously held in escrow amounted to ₱281.85 million for the purchase of a parcel of land in Manila has been transferred to land and land development (see Note 10).



“Advances to joint venture partners” are advances (e.g., property taxes and permits) which are normally applied against the share of the joint venture partners from sale of the joint venture properties reported under “Other receivables” in consolidated statements of financial position.

“Financial assets at FVOCI” consist of quoted and unquoted shares of stock (see Note 30).

Unquoted investments in shares of stock include unlisted preferred shares in a public utility company which the Group will continue to carry as part of the infrastructure that it provides for its real estate development projects.

Redemption of the Group’s unquoted shares of stock amounted to nil in 2020 and 2019, respectively. The Group did not receive dividends from unquoted shares in 2020, 2019 and 2018.

“Other assets” includes the fee paid by the Parent Company to a third party for the assignment of the developmental rights for another BTO project in Cebu amounting ₱200 million (see Note 31).

17. Accounts Payable and Accrued Expenses

This account consists of:

	2020			2019		
	Current	Noncurrent	Total	Current	Noncurrent	Total
	(In Thousands)					
Accounts payable (Note 20)	₱7,298,674	₱4,930,111	₱12,228,785	₱8,076,588	₱5,455,570	₱13,532,158
Deposits from tenants	1,981,658	1,381,945	3,363,603	1,645,442	2,563,162	4,208,604
Retention fees payable	1,495,682	902,347	2,398,029	1,512,275	912,358	2,424,633
Accrued expenses	1,009,473	–	1,009,473	881,043	–	881,043
Deposits for registration	155,870	1,122,795	1,278,665	157,179	1,132,224	1,289,403
Accrued interest on bonds and loans (Notes 18 and 19)	674,060	–	674,060	358,754	–	358,754
Other payables	501,609	–	501,609	533,583	–	533,583
	₱13,117,027	₱8,337,198	₱21,454,225	₱13,164,864	₱10,063,314	₱23,228,178

“Accounts payable” includes the outstanding balance of the costs of land acquired by the Group and is payable on scheduled due dates or upon completion of certain requirements (see Notes 10, 13 and 14). This account also includes amount payable to contractors and suppliers for the construction and development costs and operating expenses incurred by the Group.

“Deposits from tenants” are advance payments received for rentals, utilities and other fees. These are applied against rental obligations of tenants once due.

“Retention fees payable” pertains to the amount withheld from the progress billings of the contractors and is released generally one year from the completion of the construction agreement.

“Deposits for registration” pertain to amounts collected from buyers for payment of registration of real estate properties.

“Accrued expenses” pertain to various operating expenses incurred by the Group in the course of business such as salaries and wages, professional fees, unbilled construction cost related to ongoing projects, and utilities expense, among others.



Accrued expenses account consists of:

	2020	2019
	(In Thousands)	
Suppliers and contractors	₱937,183	₱785,930
Professional fees	40,848	52,562
Payroll	12,721	20,065
Interest	12,131	12,897
Utilities	4,423	5,233
Other accruals	2,167	4,356
	₱1,009,473	₱881,043

“Other payables” pertain mainly to withholding taxes, output VAT payables and deferred income.

18. Loans Payable

This account consists of:

	2020	2019
	(In Thousands)	
Developmental loans from local banks	₱38,233,885	₱35,646,167
Less unamortized transaction costs	128,862	117,934
	38,105,023	35,528,233
Less current portion of loans payable	8,866,369	6,887,481
Long-term portion of loans payable	₱29,238,654	₱28,640,752

Developmental loans from local banks will mature on various dates up to 2025. These Peso-denominated loans bear floating interest rates equal to 91-day PDST-F rate and or PDST-R2 rate and or 3 months BVAL rate plus a spread, or fixed interest rates of 2.75% to 6.51% per annum. Additional loans availed by the Group in 2020, 2019 and 2018 amounted to ₱10.68 billion, ₱15.4 billion and ₱5.50 billion, respectively. These include availment of short term loans payable amounting to ₱1.5 billion and ₱500 million in 2020 and 2019, respectively. Principal payments made in 2020, 2019 and 2018 amounted to ₱8.22 billion, ₱4.84 billion and ₱3.84 billion, respectively. As of December 31, 2020 and 2019, short term loans payable, presented under current portion of loans payable amounted to ₱500.00 million.

As of December 31, 2020 and 2019, short term loans payable, presented under current portion of loans payable amounted to ₱500.00 million.

Interest incurred on these loans (gross of related capitalized borrowing costs) amounted to ₱2.59 billion, ₱1.59 billion and ₱1.25 billion for the years ended December 31, 2020, 2019, and 2018, respectively.

In 2020, transactions costs capitalized amounted to ₱40.05 million. Amortization of transaction costs amounted to ₱91.63 million, ₱26.85 million and ₱18.75 million in 2020, 2019 and 2018, respectively, and included under “Interest and other finance charges” (see Note 23).

The Group’s loans payable is unsecured and no assets are held as collateral for these debts. The agreements covering the abovementioned loans require maintaining certain financial ratios including debt-to-equity ratio ranging from 2.0x to 3.1x and minimum interest coverage ratio of 1.0x.



The agreements also provide for restrictions and requirements with respect to, among others, making distribution on its share capital; purchase, redemption or acquisition of any share of stock if it would materially and adversely affect the Group's ability to perform its obligations; sale or transfer and disposal of all or a substantial part of its capital assets other than in the ordinary course of business; restrictions on use of funds other than the purpose it was approved for; and entering into any partnership, merger, consolidation or reorganization except in the ordinary course of business and except when the Group maintains controlling interest. As of December 31, 2020 and 2019, the Group is not in breach of these covenants and has not been cited in default on any of its outstanding obligations.

19. Bonds Payable

This account consists of:

	2020	2019
	(In Thousands)	
Bonds payable	₱31,800,000	₱28,000,000
Less unamortized transaction costs	136,472	115,313
	31,663,528	27,884,687
Less current portion of bonds payable	5,294,517	4,294,644
Long-term portion of bonds payable	₱26,369,011	₱23,590,043

- a. On November 8, 2013, the Parent Company issued fixed rate bonds with aggregate principal amount of ₱7.00 billion comprised of ₱4.30 billion, 7-year bonds with interest of 4.86% per annum due in 2020 and ₱2.70 billion, 10-year bonds with interest of 5.43% per annum due in 2023. Interest for both bonds is payable quarterly in arrears starting on February 8, 2014. As of December 31, 2020, ₱4.30 billion of the related bonds payable was paid.

Unamortized debt issuance cost on bonds payable amounted to ₱7.43 million and ₱15.68 million of December 31, 2020 and 2019, respectively. Accretion in 2020, 2019 and 2018 included as part of 'Interest and other finance charges' amounted to ₱8.25 million, ₱9.58 million and ₱10.07 million, respectively (see Note 23).

- b. On December 4, 2014, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱7.00 billion comprising of ₱5.30 billion, 7-year fixed rate bonds due in 2021 and ₱1.70 billion, 10-year fixed rate bonds due in 2024. The 7-year bonds carry a fixed rate of 5.40% per annum, while the 10-year bonds have a fixed interest rate of 5.64% per annum.

Unamortized debt issuance cost on bonds payable amounted to ₱12.77 million and ₱22.10 million as of December 31, 2020 and 2019, respectively. Accretion in 2020, 2019 and 2018 included as part of "Interest and other finance charges" amounted to ₱9.33 million, ₱9.81 million and ₱10.36 million, respectively (see Note 23).

- c. On August 20, 2015, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of 8.00 billion comprising of 7.00 billion, 7-year fixed rate bonds due in 2022 and 1.00 billion, 10-year fixed rate bonds due in 2025. The 7-year bonds carry a fixed rate of 5.36% per annum, while the 10-year bonds have a fixed rate of 5.71% per annum.



Unamortized debt issuance cost on bonds payable amounted to ₱26.37 million and ₱39.09 million as of December 31, 2020 and 2019, respectively. Accretion in 2020, 2019 and 2018 included as part of “Interest and other finance charges” amounted to ₱13.83 million, ₱11.98 million and ₱11.33 million, respectively (see Note 23).

- d. On July 7, 2017, CPI issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱6.00 billion and term of five and a half (5.5) years due in 2023. The bonds carry a fixed rate of 5.05% per annum, payable quarterly in arrears starting on October 7, 2017.

Unamortized debt issuance cost on bonds payable amounted to ₱25.83 million and ₱38.45 million as of December 31, 2020 and 2019, respectively. Accretion in 2020, 2019 and 2018 included as part of “Interest and other finance charges” amounted to ₱12.70 million, ₱12.61 million, and ₱12.77 million respectively (see Note 23).

- e. On November 18, 2020, the Parent Company issued to the public unsecured fixed rate bonds with an aggregate principal amount of ₱8.1 billion comprising of ₱6.3 billion, 3-year fixed rate bonds due in 2023 and ₱1.8 billion, 5.5-year fixed rate bonds due in 2026. The 3-year bonds carry a fixed rate of 3.34% per annum, while the 5.5-year bonds have a fixed rate of 4.18% per annum.

Unamortized debt issuance cost on bonds payable amounted to ₱64.07 million as of December 31, 2020. Accretion in 2020 included as part of “Interest and other finance charges” amounted to ₱2.20 million (see Note 23).

Interest incurred on these bonds (gross of related capitalized borrowing costs) amounted to ₱1.43 billion, ₱1.67 billion and 1.93 billion for the years ended December 31, 2020, 2019 and 2018, respectively. Payments made on these bonds amounted to ₱4.3 billion, ₱7.0 billion and nil in 2020, 2019 and 2018, respectively.

The Group’s loans payable are unsecured and no assets are held as collateral for these debts. These bonds require the Group to maintain certain financial ratios which include maximum debt-to-equity ratio of 2.5x; minimum current ratio of 2.0x; and minimum debt service coverage ratio (DSCR) of 1.0x (except for CPI bonds which requires maximum debt-to-equity ratio of 2.33x and DSCR of 1.1x). As of December 31, 2020 and 2019, the Group is not in breach of these covenants and has not been cited in default on any of its outstanding obligations.

20. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control of the Group’s ultimate parent company (referred herein as “Affiliates”). Related parties may be individuals or corporate entities.

All material Related Party Transactions (“RPT”) with a transaction value that reaches ten percent (10%) of the Group’s total consolidated assets shall be subject to the review by the RPT Committee.

Transactions that were entered into with an unrelated party that subsequently becomes a related party shall be excluded from the limits and approval of the Policy on Related Party Transactions (“Policy”). However, any renewal, change in the terms and conditions or increase in exposure level, related to these transactions after a non-related party becomes a related party, shall subject it to the provisions of the the Policy.

In the event wherein there are changes in the RPT classification from non-material to material, the material RPT shall be subject to the provisions of the the Policy.



Outstanding balances at year-end are unsecured, interest free and require settlement in cash, unless otherwise stated. The transactions are made at terms and prices agreed upon by the parties. As of December 31, 2020 and 2019, the Group has not made any provision for impairment loss relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Significant related party transactions are as follows. Outstanding liabilities are unsecured and no impairment loss was recognized on any of the assets.

	2020		Terms	Conditions	Note
	Amount/ Volume	Due from / (Due to)			
(In Thousands)					
Bank under common control of the ultimate parent					
Cash and cash equivalents	₱3,264,153	₱3,264,153	0.50% to 4.50%	No impairment	19 (a)
Interest income	27,148	-			
	₱3,291,301	₱3,264,153			
Accounts payable and accrued expenses (Note 17)					
Current portion	(₱378,968)	(₱378,968)	Noninterest-bearing, payable on installment	Unsecured	19 (a)
Noncurrent portion	-	(1,993,579)	Noninterest-bearing, payable on installment	Unsecured	19 (a)
	(₱378,968)	(₱2,372,547)			
Ultimate Parent	₱35	₱128	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(b)
Associate - Pro-excel					
Management and service fees	4,962	80,823	Due within 30 days	Unsecured	(d)
Associate - DPI					
Other Income	10,136	71,034	Collectible on demand	No impairment	(d)
Associate - FMI					
Other Income	21	73,268	Collectible on demand	No impairment	(d)
	15,120	225,125			
Affiliates					
Rental income	7,192	-	Noninterest-bearing	Unsecured	(g)
Share in common expenses	(23,353)	121,868	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(e)
Due from related parties (Note 9)	₱10,199	₱347,121			
Parent					
Share in Group expenses	₱18,873	(₱60,484)	Noninterest-bearing, payable on demand	Unsecured	(c)
Associate - FAI					
Rent	₱115,155	₱131	Noninterest-bearing, payable on demand	Unsecured	(h)
Share in other expenses	-	(3,891)	Noninterest-bearing, payable on demand	Unsecured	(d)

(Forward)



2020					
	Amount/ Volume	Due from / (Due to)	Terms	Conditions	Note
(In Thousands)					
Associate – CTI					
Service Fee	₱41,203	(₱42,811)	Due within 30 days	Unsecured	(d)
	₱156,359	(₱46,571)			
Affiliates					
	(29,155)	(4,966)	Noninterest-bearing, payable on demand	Unsecured	(e)
Due to related parties	₱5,778	(₱112,021)			
2019					
	Amount/ Volume	Due from / (Due to)	Terms	Conditions	Note
(In Thousands)					
Bank under common control of the ultimate parent					
Cash and cash equivalents	₱2,473,325	₱2,473,325	0.50% to 4.50%	No impairment	19 (a)
Interest income	49,834	-			
	₱2,523,159	₱2,473,325			
Accounts payable and accrued expenses (Note 17)					
Current portion	(₱378,968)	(₱378,968)	Noninterest-bearing, payable on installment	Unsecured	19 (a)
Noncurrent portion	-	(2,211,723)	Noninterest-bearing, payable on installment	Unsecured	19 (a)
	(₱378,968)	(₱2,590,691)			
Ultimate Parent	₱85	₱93	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(b)
Associate - FAI					
Dividends (Note 12)	404,000	404,000	Noninterest-bearing, collectible on demand	Unsecured, no impairment	(d)
Share in common expenses	24	83,752	Noninterest-bearing, collectible on demand	Unsecured, no impairment	
Associate – Pro-excel					
Management and service fees	15,260	79,529	Due within 30 days	Unsecured	(d)
Due from related parties	419,284	567,281			
Affiliates					
Rental income	7,192	-	Noninterest-bearing, Noninterest-bearing, collectible on demand	Unsecured, Unsecured, no impairment	(g)
Share in common expenses	(11,627)	120,293			(e)
Due from related parties	₱407,742	₱687,667			
Parent					
Share in common expenses	₱8,047	(₱18,068)	Noninterest-bearing, payable on demand	Unsecured	(c)
Associate – FAI					
Rent	106,552	-	Noninterest-bearing, payable on demand	Unsecured	(h)
Management fee	60,465	-	Noninterest-bearing, payable on demand	Unsecured	(d)
Share in other expenses	-	(2,404)	Noninterest-bearing, payable on demand	Unsecured	(d)
Associate - CTI					
Service Fees	40,152	(42,373)	Due within 30 days	Unsecured	(d)
	₱207,169	(₱44,777)			
Affiliates					
	26,726	(37,934)	Noninterest-bearing, payable on demand	Unsecured	(e)
Due to related parties	₱241,942	(₱100,779)			



a. *Transactions with bank under common control of the ultimate parent (EW)*

On January 3, 2012, the Group entered into a Receivable Purchase Agreement with East West Banking Corporation (EW), an entity under common control of the ultimate parent. The Group agreed to sell, assign, transfer and convey to EW all of its rights, titles and interest on certain contracts receivables. The contracts receivables sold to EW will be serviced by the Group under an Accounts Servicing Agreement.

Under this agreement, the Group shall be responsible for the monitoring and collection of contracts receivables sold to EW, including safekeeping of the collections in trust until these are remitted to EW, 10 days after the beginning of each month.

For the performance of the said services, the Group charges EW a service fee equivalent to a certain percentage of the amounts actually received and collected. Although the Group retains the contractual rights to receive cash flows from the contracts receivables sold to EW, the same will be subsequently distributed to EW under a “pass-through arrangement”.

In this transaction, the risk of default and non-payment of buyers of contracts receivable is assumed by EW and the Group has no liability to EW for such events. Due to this, the Group derecognized the contracts receivables sold and did not recognize any liability in its consolidated financial statements.

The Group’s plan assets in the form of cash equivalents amounting to ₱38.29 million and ₱70.86 million as of December 31, 2020 and 2019, respectively, are maintained with EW (see Note 25). The Group also maintains cash and cash equivalents with EW.

On September 20, 2018, the Parent Company acquired a lot from a third party seller. Total consideration is payable on installment basis until 2022 (presented as “Accounts payable and accrued expenses”). On September 21, 2018, the third party seller entered into a Receivable Purchase Agreement with EW for the purchase of the remaining amounts receivable from the Parent Company amounting to ₱3.79 billion, on a without recourse basis. The amounts receivable from the Parent Company was sold to EW for a total consideration of ₱3.13 billion.

As of December 31, 2020 and 2019, the amounts payable to EW related to the above purchase of land amounted to ₱2.33 billion and ₱2.59 billion, respectively, and are presented as part of Accounts Payable under accounts payable and accrued expenses in the consolidated statement of financial position (see Note 17).

b. *Transactions with Ultimate Parent (ALG)*

Transactions with the Group’s ultimate parent company relates to sharing of common expenses.

c. *Transactions with Parent Company (FDC)*

The Parent Company charged FDC certain common expenses paid by the Parent Company on its behalf.

In 2020, certain employees of FLI were transferred to FDC. The related retirement benefits of these employees amounting to ₱12.07 million as of December 31, 2020 was also transferred with a corresponding payable to the FDC (see Note 25).

In 2009, Promax was appointed by FDC as the marketing agent to act for and on behalf of FDC in promoting the marketing and sale of the Beaufort project. Accordingly, FDC pays Promax a marketing fee equivalent to a certain percentage of the net selling price (see Note 23).



d. *Transactions with Associates*

Filinvest Alabang, Inc (FAI)

'Due from Associate' include noninterest-bearing cash advances and various charges for management fees, marketing fees, share of expenses and commission charges. The account also includes dividend receivable amounting to nil and ₱404.00 million as of December 31, 2020 and 2019, respectively, declared by FAI both years 2020 and 2019 (see Note 12).

Pro-excel

Transactions from Pro-Excel relates to sharing of common expenses and management fee for managing the buildings of FLI.

DPI

Transactions from DreamBuilders Pro, Inc. relates to sharing of common expenses and noninterest-bearing cash advances

FMI

Transactions with Filinvest Mimosa Inc. relates to sharing of common expenses.

CTI

Transactions with Corporate Technologies, Inc. relates to sharing of common expenses and service fee for information and technology services.

e. *Transactions with Affiliates*

Transactions with affiliate relates to sharing of common expenses paid by the Parent Company on their behalf.

CPI entered into a service agreement with FDC Retail Electricity Sales whereby CPI shall engage and pay the services rendered by the latter to provide the electricity requirements of its facilities.

CPI also entered into a service agreement with Professional Operations Maintenance Experts Incorporated. whereby CPI shall engage and pay the services rendered by the latter to operate and maintain its equipment and premises.

CPI also entered into a service agreement with its affiliate, Parking Pro, Inc., to operate and maintain the CPI's parking facilities.

- f. The compensation of key management personnel consists of short-term employee salaries and benefits amounting to ₱28.08 million, ₱34.17 million and ₱32.83 million in 2020, 2019 and 2018, respectively. Post-employment benefits of key management personnel amounted to ₱18.77 million, ₱22.41 million and ₱21.00 million in 2020, 2019 and 2018, respectively.

g. *Leases with related parties - Group as lessor*

Chroma Hospitality, Inc. (CHI) office lease with CPI

CHI leases the office space from CPI. The lease term is 10 years, renewable by another 5 years upon mutual agreement by the parties.

h. *Leases with related parties - Group as lessee*

The Group has several land lease transactions with related parties:

1. Mall lease with FAI

The Parent Company, as lessee, entered into a lease agreement with FAI on a portion of the land area occupied by the Festival Supermall and its Expansion. The lease term will expire on September 30, 2056.



2. Land lease with FAI
The Parent Company, as lessee, entered into a lease agreement with FAI for a portion of land area occupied by a third party lessee. . The lease term will expire on December 31, 2034.
3. FCMI lease with FMI
FCMI, a wholly owned subsidiary of the Parent Company, subleases the Mimosa Leisure Estate from FMI, an associate of the Parent Company. The original lessor is Clark Development Corporation. The lease term is 50 years, renewable by another 25 years upon mutual agreement by parties.
4. PDDC lease with FAI
PDDC, a 60% owned subsidiary of the Parent Company, leases Block 50 Lot 3-B-2, Northgate District from FAI. The lease term is twenty (20) years from the date on which the Chilled Water production plants starts supplying chilled water.

As of December 31, 2020 and 2019, the amount included in lease liabilities payable to related parties is ₱5,566.3 million and ₱5,293.5 million, respectively (see Note 15).

21. General and Administrative Expenses

The account consists of:

	2020	2019	2018
	(In Thousands)		
Salaries, wages and employee benefits	₱660,858	₱743,321	₱755,603
Depreciation and amortization (Notes 13, 14, 15 and 16)	440,796	453,930	259,229
Taxes and licenses	347,223	355,007	359,340
Repairs and maintenance	145,832	147,475	150,709
Outside services	158,808	169,798	195,170
Electronic data processing charges	87,230	89,696	72,166
Entertainment, amusement and recreation	81,024	84,060	87,011
Transportation and travel	75,503	89,279	112,283
Retirement costs (Note 25)	44,551	82,541	66,744
Communications, light and water	42,914	44,573	52,884
Insurance	33,487	39,680	19,834
Dues and subscriptions	19,824	20,494	20,287
Parking operations	16,209	17,180	27,825
Rent (Note 20)	14,229	56,996	77,192
Office supplies	11,749	14,170	19,989
Reversal of expected credit losses	-	-	(21,400)
Others	63,367	66,523	67,194
	₱2,243,604	₱2,474,723	₱2,322,060

“Others” mainly consists of postage and freight charges, and other miscellaneous expenses.



22. Selling and Marketing Expenses

The account consists of:

	2020	2019	2018
	(In Thousands)		
Brokers' commissions	₱618,337	₱808,437	₱722,030
Selling, advertising and promotions	279,249	336,579	475,672
Service fees	87,506	190,826	136,722
Sales office direct costs	85,222	92,791	89,733
Salaries and wages	5,360	6,057	7,441
Corporate advertisements	–	1,967	1,279
Others	2,600	11,916	9,710
	₱1,078,274	₱1,448,573	₱1,442,587

23. Interest and Other Finance Charges

The following table shows the component of interest income, interest expense and other financing charges recognized in the consolidated statements of income:

	2020	2019	2018
	(In Thousands)		
Interest income on:			
Contracts receivable (Note 8)	₱347,224	₱403,850	₱809,513
Cash and cash equivalents (Note 7)	34,533	18,955	64,438
Others (Note 25)	22,385	148,896	103,339
	₱404,142	₱571,701	₱977,290
Interest and other finance charges:			
Interest expense on loans and bonds payable, net of interest capitalized (Notes 18 and 19)	2,603,346	1,882,916	1,091,181
Interest expense on lease liabilities, net of interest capitalized (Note 15)	396,531	488,732	–
Amortization of transaction costs of loans and bonds (Notes 18 and 19)	137,914	70,835	77,350
Other finance charges (Note 25)	51,671	50,482	23,910
	₱3,189,462	₱2,492,965	₱1,192,441

24. Other Income

The account consists of:

	2020	2019	2018
	(In Thousands)		
Gain on deconsolidation (Notes 1 and 12)	₱131,171	₱–	₱–
Forfeited reservations and collections	66,822	367,151	326,853
Gain on sale of investment property (Note 13)	65,308	–	–
Service fees (Note 20)	27,629	104,577	133,823

(Forward)



	2020	2019	2018
	(In Thousands)		
Processing fees	₱25,054	₱67,271	₱62,634
Management, leasing and other fees (Notes 16 and 20)	9,423	83,556	105,777
Foreign currency exchange gain (loss) - net	1,010	2,554	465
Others (Note 20)	14,296	53,113	48,867
	₱340,713	₱678,222	₱678,419

25. Retirement Costs

The Group has a funded, noncontributory defined benefit retirement plan (the “Plan”) covering substantially all of its officers and regular employees. Under the Plan, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements.

The retirement plan provides retirement benefits equivalent to 70% to 125% of the final monthly salary for every year of service. The funds are administered by the Group’s Treasurer under the supervision of the Board of Trustees of the Plan and are responsible for investment strategy of the Plan.

The following tables summarize the components of retirement expense recognized in the consolidated statements of income and pension liability recognized in the consolidated statements of financial position for the existing retirement plan.

	2020		
	Present value of defined benefit obligation	Fair value of plan asset	Net defined benefit liabilities
	(In Thousands)		
Balance as at January 1, 2020	₱583,298	₱70,856	₱512,442
Net benefit costs in profit or loss			
Current service cost (Note 21)	44,551	–	44,551
Net interest (Note 23)	24,411	2,285	22,126
	68,962	2,285	66,677
Benefits paid	(19,503)	(19,503)	–
Transfer out	(12,070)	–	(12,070)
Remeasurements in other comprehensive income			
Actuarial changes arising from:			
Experience adjustments	(₱37,533)	(₱217)	(₱37,316)
Changes in financial assumptions	35,261	–	35,261
Return on plan assets, excluding amounts included in interest income	–	(15,125)	15,125
	(2,272)	(15,342)	13,070
	₱618,415	₱38,296	₱580,119



	2019		
	Present value of defined benefit obligation	Fair value of plan asset	Net defined benefit liabilities
	(In Thousands)		
Balance as at January 1, 2019	₱653,475	₱55,072	₱598,403
Net benefit costs in profit or loss			
Current service cost (Note 21)	82,541	-	82,541
Net interest (Note 23)	25,046	1,982	23,064
	107,587	1,982	105,605
Benefits paid	(198)	(198)	-
Contribution	-	14,000	(14,000)
Remeasurements in other comprehensive income			
Actuarial changes arising from:			
Experience adjustments	(₱177,566)	₱-	(₱177,566)
	₱583,298	₱70,856	₱512,442

The Group's plan assets comprise of cash equivalents with original maturities of three months or less from dates of placements and are subject to insignificant risk of changes in value. As of December 31, 2020 and 2019, these placements are with EW (see Note 20). As of December 31, 2020 and 2019, the carrying amount of the plan assets approximates its fair value.

In 2020, certain employees of FLI were transferred to the Parent Company. The related retirement benefits of these employees amounting to ₱12.07 million as of December 31, 2020 was also transferred with a corresponding payable to the Parent Company (see Note 20).

The costs of defined benefit pension plan as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions.

The assumptions used in determining pension obligation for the defined benefit plan are as follows:

	2020	2019	2018
Discount rate	3.70% - 4.10%	5.19% - 8.00%	7.50% - 8.00%
Future salary increases	3.00% - 8.00%	5.00% - 8.00%	5.00% - 8.00%

The sensitivity analysis that follows has been determined based on reasonably possible changes of the assumption occurring as of the end of the reporting period, assuming if all other assumptions were held constant. Management believes that as of the reporting date, it is only the decline in discount rate that could significantly affect the pension obligation.

Management believes that pension obligation will not be sensitive to the salary rate increases because it is expected to be at the same level throughout the remaining life of the obligation. The sensitivity analyses below have been determined based on reasonably possible changes of the significant assumption on the DBO as of the end of the financial reporting period, assuming all other assumptions were held constant.

	Increase (Decrease)		Impact on DBO Increase (Decrease)	
	2020	2019	2020	2019
Salary rate	13% (10%)	1% (1%)	65,113 (50,672)	30,039 (43,743)



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

	2020	2019
	(In Thousands)	
Less than one year	₱60,089	₱18,179
More than one year and up to five years	113,477	118,131
More than five years and up to 10 years	217,869	225,315

The Group does not expect to contribute to its plan assets in the next 12 months.

The management performs an Asset-Liability Matching (ALM) Study. The principal technique of the Group's ALM is to ensure the expected return on assets to be sufficient to support the desired level of funding arising from the defined benefit plans, as well as the liquidity of the plan assets. The Group's current investment strategy consists of 100% short-term deposit placements.

26. Equity

The details of the Parent Company's common and preferred shares as of December 31, 2020 and 2019 follow:

	Common Shares	Preferred Shares
	(In Thousands, except par value figures)	
Authorized shares	₱33,000,000	₱8,000,000
Par value per share	1	0.01
Issued and outstanding shares	24,470,708	8,000,000
Treasury shares	220,949	-

In 2020, 2019 and 2018, there was no issuance of additional common shares.

Preferred Shares

As stated in the Company's Amended Articles of Incorporation, the preferred shares may be issued from time to time in one or more series as the Board of Directors (BOD) may determine, and authority is expressly granted to the BOD to establish and designate each particular series of preferred shares, to fix the number of shares to be included in each of such series, and to determine the dividend rate and the issue price and other terms and conditions for each such shares. Dividends shall be cumulative from and after the date of issue of the preferred shares. Preferred shares of each and any sub-series shall not be entitled to any participation or share in the retained earnings remaining after dividend payments shall have been made on the preferred shares. To the extent not set forth in the Articles of Incorporation, the specific terms and restrictions of each series of preferred shares shall be specified in such resolutions as may be adopted by the BOD prior to the issuance of each of such series (the "Enabling Resolutions"), which resolutions shall thereupon be deemed a part of the Amended Articles of Incorporation.

In an Enabling Resolution approved and adopted by the BOD on October 6, 2006, it was clarified that the preferred shares are not convertible to common shares. In another Enabling Resolution approved and adopted by the BOD on January 5, 2007, the Board approved that preferred shares are entitled to cash dividend equal to one percent (1%) of the cash dividend declared and payable to common shares.



Thus, in a disclosure made by the Company to the relevant government agency and regulatory body on January 18, 2007, it was clarified that the features of the issued and subscribed preferred shares, in addition to the features indicated in the Company's Amended Articles of Incorporation so long as these features are not inconsistent with the Enabling Resolutions, are as follows: (i) voting, cumulative, and non-redeemable, (ii) par value is one centavo (PhP0.01), (iii) entitled to cash dividend equal to one percent (1%) of the cash dividend declared and payable to common shares, and (iv) not convertible to common shares.

Treasury Shares

On December 20, 2007, the Parent Company's BOD approved the buy-back of some of the issued shares of stock of the Parent Company over a period of twelve (12) months up to an aggregate amount of ₱1.50 billion, in view of the strong financial performance of the Parent Company and the very large discrepancy that existed between the current share price and the net asset value of the Parent Company.

The Parent Company had acquired 220.95 million shares at total cost of ₱221.04 million in 2008. There were no additional acquisitions in 2020, 2019 and 2018. The retained earnings is restricted from dividend distribution to the extent of the cost of treasury shares.

Dividend Declarations

On June 11, 2020 the BOD approved the declaration and payment of cash dividend of ₱0.06544 per share or total of ₱1.57 billion for all common shareholders of record as of July 10, 2020. The Group has remaining unpaid cash dividend amounting to ₱49.0 million as of December 31, 2020.

On June 11, 2020 the BOD approved the declaration and payment of cash dividend of ₱0.0006 per share or a total of ₱5.10 million for all preferred shareholders of record as of July 10, 2020. The Group also paid dividends amounting ₱42.4 million for dividends in arrears for preferred shareholders.

On April 22, 2019, the BOD approved the declaration and payment of cash dividend of ₱0.0619 per share or total of ₱1.50 billion for all shareholders of record as of May 22, 2019. The Group has remaining unpaid cash dividend amounting to ₱18.65 million as of December 31, 2019.

On April 20, 2018, the BOD approved the declaration and payment of cash dividend of ₱0.0618 per share or total of ₱1.50 billion for all shareholders of record as of May 20, 2018.

Retained Earnings

Retained earnings include undistributed earnings amounting to ₱10.56 billion and ₱8.17 billion as of December 31, 2020 and 2019, respectively, representing accumulated equity in net earnings of subsidiaries, which are not available for dividend declaration until declared as dividends by the subsidiaries.

Retained earnings are further restricted for the payment of dividends to the extent of the cost of the shares held in treasury and deferred tax asset recognized in profit or loss as of December 31, 2020 and 2019.

After reconciling items, the Parent Company's retained earnings available for dividend declaration as of December 31, 2020 and 2019 amounted to to ₱31.82 billion and ₱29.76 billion, respectively.



The retained earnings is being utilized to cover part of the annual expenditure requirements of the Parent Company for its expansion projects in the real estate and leasing segments.

On October 21, 2020, FLI's BOD approved the appropriation amounting to ₱5.00 billion out of its unrestricted retained earnings as of December 31, 2019. The appropriation will cover the capital expenditure of the following projects:

Project	Location	Description	Amount	Estimated Completion Date
			(In Thousands)	
Activa	Quezon City	Mixed-use	₱3,500,000	Q4 2024
100 West Annex	Makati City	Mixed-use	1,500,000	Q4 2024
			₱5,000,000	

Capital Management

The Group monitors its capital and cash positions and manages its expenditures and disbursements. Furthermore, the Group may also, from time to time seek other sources of funding, which may include debt or equity issues depending on its financing needs and market conditions.

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. No changes were made in capital management objectives, policies or processes for the years ended December 31, 2020, 2019 and 2018.

The Group monitors capital using debt-to-equity ratio, which is the long-term debt (loans payable, bonds payable) divided by total equity. The Group's policy is to keep the debt-to-equity ratio not to exceed 2:1. The following table shows how the Group computes for its debt-to-equity ratio:

	2020	2019
	(In Thousands)	
Loans payable (Note 18)	₱38,105,023	₱35,528,233
Bonds payable (Note 19)	31,663,528	27,884,687
Total long-term debt	69,768,551	63,412,920
Total equity	74,378,943	72,164,293
Debt-to-equity ratio	0.94 : 1:00	0.88 : 1:00

The Group is subject to externally imposed capital requirements due to loan covenants (see Notes 18 and 19).

On August 12, 1993, SEC approved the registration of ₱2.0 billion common shares with issue price of ₱5.25 per share.

On December 15, 2006, SEC approved the registration of ₱3.7 billion common shares with issue price of ₱1.60 per share.



Below is the summary of the outstanding number of common shares and holders of security as of December 31, 2020:

Year	Number of Shares Registered (In Thousands)	Number of Holders of Securities as of Year End
January 1, 2019	24,249,759	5,699
Add/(deduct) movement	–	(9)
December 31, 2019	24,249,759	5,690
Add/(deduct) movement	–	(20)
December 31, 2020	24,249,759	5,670

*Exclusive of 220,949 treasury shares as of December 31, 2020 and 2019.

27. Earnings Per Share

	2020	2019	2018
	(In Thousands, Except EPS Figures)		
a. Net income attributable to the equity holder of the parent*	₱3,728,343	₱6,278,834	₱5,889,608
b. Weighted average number of outstanding common shares (after considering treasury shares)	24,249,759	24,249,759	24,249,759
Basic/Diluted EPS (a/b)	₱0.15	₱0.26	₱0.24

*After deducting the dividends for preferred shareholders (Note 26)- 2020: ₱5.1 million, 2019: ₱4.8 million, 2018: ₱4.8 million

There were no potential dilutive shares in 2020, 2019 and 2018.

28. Income Tax

Provision for income tax consists of:

	2020	2019	2018
	(In Thousands)		
Current	₱596,530	₱1,273,754	₱1,029,494
Deferred	(176,141)	481,214	673,015
	₱420,389	₱1,754,968	₱1,702,509

The components of the Group's deferred income tax assets follow:

	2020	2019
	(In Thousands)	
Advance rentals	₱48,596	₱41,729
Accrued retirement benefits	21,945	2,318
NOLCO	11,864	8,388
	₱82,405	₱52,435



The components of the Group's net deferred income tax liabilities follow:

	2020	2019
	(In Thousands)	
Deferred income tax liabilities on:		
Capitalized borrowing costs	₱4,420,767	₱4,328,205
Right-of-use-assets	1,278,261	1,278,683
Excess of real estate revenue based on financial accounting policy over real estate revenue based on tax rules	2,917,843	2,412,356
	8,616,871	8,019,244
Deferred income tax assets on:		
Lease liabilities	(1,456,532)	(1,358,056)
NOLCO	(285,488)	-
MCIT	(111,947)	-
Advance rentals	(66,779)	(84,994)
Accrued retirement benefits - charged to profit or loss	(141,335)	(24,005)
Remeasurement losses on retirement plan	(15,876)	(10,408)
Allowance for expected credit losses	(9,835)	(15,864)
Others	(16,043)	(13,304)
	(2,103,835)	(1,506,631)
	₱6,513,036	₱6,512,613

Provision for deferred income tax charged directly to other comprehensive income in 2020, 2019 and 2018 relating to remeasurement gain on defined benefit obligation amounted to ₱3.90 million and ₱53.27 million and ₱2.90 million, respectively.

The Group did not recognize deferred income tax assets on NOLCO of certain subsidiaries amounting to ₱322.36 million and ₱319.18 million as of December 31, 2020 and 2019, respectively, since management believes that their carryforward benefits may not be realized before they expire.

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of the Bayanihan 2 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. NOLCO incurred before taxable year 2020 can be claimed as deduction from the regular taxable income for the next three (3) years immediately following the year of such loss.

The MCIT recognized for the period ended December 31, 2020 amounting to ₱111.95 million can be claimed as deduction from income tax due until December 31, 2023.

The carryforward benefits of the NOLCO, which can be claimed by the Group as credits against the RCIT, are as follows (amounts in thousands):

Year Incurred	Amount	Expiry Date
2020	₱1,103,515	December 31, 2025
2019	95,495	December 31, 2022
2018	153,790	December 31, 2021
	₱1,352,800	



The following are the movements in NOLCO:

	2020	2019
	(In Thousands)	
At January 1	₱347,141	₱307,749
Addition	1,103,515	95,495
Applied/expired	(97,856)	(56,103)
At December 31	₱1,352,800	₱347,141

The reconciliation of the provision for income tax at statutory tax rate to the actual provision for income tax follows:

	2020	2019	2018
	(In Thousands)		
Income tax at statutory tax rate	₱1,313,442	₱2,482,430	₱2,333,515
Adjustments for:			
Income tax holiday incentive on sales of BOI-registered projects (Note 33)	(147,751)	(144,466)	(166,622)
Income covered by PEZA (Note 32)	(436,779)	(446,960)	(307,634)
Equity in net earnings of associates	(154,935)	(120,458)	(161,105)
Deductible expense - Optional Standard Deduction	(166,919)	(37,864)	(25,078)
Tax-exempt net income on socialized housing units	(8,549)	(14,292)	(2,314)
Income subjected to final tax	(13,143)	(23,968)	(23,470)
Interest on HGC-enrolled contracts receivables	(1,936)	(2,524)	(3,572)
Change in unrecognized deferred tax	5,017	7,577	6,249
Nondeductible interest expense	23,446	5,137	4,582
Other nondeductible expenses	8,496	50,356	47,958
	₱420,389	₱1,754,968	₱1,702,509

As of December 31, 2020, the proposed “Corporate Recovery and Tax Incentives for Enterprises Act” or “CREATE” is being reviewed by the House of Representatives and the Senate. The said act aims to:

- a. Improve the equity and efficiency of the corporate tax system by lowering the rate, widening the tax base, and reducing tax distortions and leakages;
- b. Develop, subject to the provisions of this Act, a more responsive and globally-competitive tax incentives regime that is performance-based, targeted, time-bound, and transparent;
- c. Provide support to businesses in their recovery from unforeseen events such as an outbreak of communicable diseases or a global pandemic and strengthen the nation’s capability for similar circumstances in the future; and
- d. Create a more equitable tax incentive system that will allow for inclusive growth and generation of jobs and opportunities in all the regions of the country and ensure access and ease in the grant of these incentives especially for applicants in least developed areas.



As of December 31, 2020, the Group is still evaluating the potential impact of the CREATE bill in its consolidated financial statements.

29. Fair Value Measurement

The following table sets forth the fair value hierarchy of the Group's assets and liabilities measured at fair value and those for which fair values are required to be disclosed:

2020					
Carrying Value	Total	Fair Value			
		Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
(In Thousands)					
Assets measured at fair value					
Financial assets at FVOCI (Note 16)					
Quoted	₱9,425	₱9,425	₱9,425	₱-	₱-
Unquoted	6,197	6,197	-	-	6,197
	₱15,622	₱15,622	₱9,425	₱-	₱6,197
Liabilities for which fair values are disclosed					
Financial liabilities at amortized cost					
Accounts Payable and Accrued Expenses (Note 17)					
Accounts payable	₱12,228,785	₱11,705,923	₱-	₱-	₱11,705,923
Retention fee payable	2,398,029	2,295,498	-	-	2,295,498
Deposits for registration	1,278,665	1,223,994	-	-	1,223,994
	15,905,475	15,225,416	-	-	15,225,416
Lease liabilities (Note 15)	6,152,960	8,723,939	-	-	8,723,939
Loans payable (Note 18)	38,105,023	41,329,195	-	-	41,329,195
Bonds payable (Note 19)	31,663,528	32,125,459	-	-	32,125,459
	₱91,826,991	₱97,404,009	₱-	₱-	₱97,404,009
2019					
Carrying Value	Total	Fair Value			
		Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
(In Thousands)					
Assets measured at fair value					
Financial assets at FVOCI (Note 16)					
Quoted	₱6,545	₱6,545	₱6,545	₱-	₱-
Unquoted	9,077	9,077	-	-	9,077
	₱15,622	₱15,622	₱6,545	₱-	₱9,077
Liabilities for which fair values are disclosed					
Financial liabilities at amortized cost					
Accounts Payable and Accrued Expenses (Note 17)					
Accounts payable	₱13,532,158	₱12,953,559	₱-	₱-	₱12,953,559
Retention fee payable	2,424,633	2,320,965	-	-	2,320,965
Deposits for registration	1,289,403	1,234,272	-	-	1,234,272
	17,246,194	16,508,796	-	-	16,508,796
Lease liabilities (Note 15)	5,870,064	8,322,837	-	-	8,322,837
Loans payable (Note 18)	35,528,233	33,564,399	-	-	33,564,399
Bonds payable (Note 19)	27,884,687	25,463,323	-	-	25,463,323
	₱86,529,178	₱83,859,355	₱-	₱-	₱83,859,355



The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

- *Cash and cash equivalents, due from and to related parties, other receivables and other assets:* Due to the short-term nature of these accounts, their fair values approximate their carrying amounts.
- *Contract receivables:* Estimated fair value of contract receivables is based on the discounted value of future cash flows using the prevailing interest rates for similar types of receivables as of the reporting date. Interest rates used was 11.5% - 19% in 2020 and 2019.

Due to the short-term nature of receivables from government and financial institutions, carrying amounts approximate fair values.

- *Financial assets at FVOCI:* Fair values were determined using quoted market prices at reporting date. Fair value of unquoted equity securities are based on the latest selling price available.
- *Accounts payable and accrued expenses:* On accounts due within one year, the fair value of accounts payable and accrued expenses approximates the carrying amounts. On accounts due for more than a year, estimated fair value is based on the discounted value of future cash flows using the prevailing interest rates on loans and similar types of payables as of the reporting date. Interest rates used was 4.28% in 2020 and 2019.
- *Long-term debt (lease liabilities, loans payable and bonds payable):* Estimated fair value on debts with fixed interest and not subjected to quarterly repricing is based on the discounted value of future cash flows using the applicable interest rates for similar types of loans as of reporting date.

Long term debt subjected to quarterly repricing is not discounted since it approximates fair value. The discount rates used range from 2.88% to 6.51% and 3.80% to 6.50% as of December 31, 2020 and 2019, respectively.

During the years ended December 31, 2020, 2019 and 2018, 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.

30. Financial Risk Management Objectives and Policies

The Group's principal financial instruments are composed of cash and cash equivalents, contracts and other receivables, due from related parties, financial assets at FVOCI, accounts payable and accrued expenses, due to related parties and long-term debt (loans payable and bonds payable). The main purpose of these financial instruments is to raise financing for the Group's operations.

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 Group's finance and treasury functions operate as a centralized service for managing financial risks and activities, as well as providing optimum investment yield and cost-efficient funding for the Group. The Group's BOD reviews and approves the policies for managing each of these risks. The policies are not intended to eliminate risk but to manage it in such a way that opportunities to create value for the stakeholders are achieved. The Group's risk management takes place in the context of the normal business processes such as strategic planning, business planning, operational and support processes.

The main risks arising from the Group's financial instruments are liquidity risk, credit risk and interest rate risk.

Liquidity Risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Group seeks to manage its liquidity profile to be able to finance capital expenditures and service maturing debts. In order to cover its financing requirements, the Group uses both internally generated funds and available long-term and short-term credit facilities.

As of December 31, 2020 and 2010, the Group has undrawn short-term credit lines amounting ₱4.82 billion and ₱1.53 billion, respectively, and undrawn long-term credit facilities amounting ₱5.20 billion and ₱28.31 billion, respectively.

As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise. Fund raising activities may include bank loans and capital market issues.

The tables below summarize the maturity profile of the Group's financial liabilities as of December 31, 2020 and 2019 based on contractual undiscounted payments.

	2020						Total
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	
(In Thousands)							
Financial Liabilities at Amortized Cost							
Accounts Payable and Accrued Expenses							
Accounts payable	₱4,615,670	₱1,734,055	₱948,949	₱2,452,914	₱2,477,197	₱-	₱12,228,785
Retention fees payable	675,435	675,048	145,199	12,425	567,191	322,731	2,398,029
Deposits for registration	-	378	155,492	569,341	224,251	329,203	1,278,665
Accrued expenses	1,009,473	-	-	-	-	-	1,009,473
Accrued interest on bonds and loans	674,060	-	-	-	-	-	674,060
	6,974,638	2,409,481	1,249,640	3,034,680	3,268,639	651,934	17,589,012
Due to Related Parties	112,021	-	-	-	-	-	112,021
Loans Payable	-	2,571,907	7,715,721	14,660,280	17,001,920	-	41,949,828
Bonds Payable	-	1,650,901	4,952,702	23,367,717	3,030,174	1,786,543	34,788,037
Lease liabilities	-	84,290	261,232	1,132,762	844,363	27,399,979	29,722,627
	₱7,086,659	₱6,732,090	₱14,217,465	₱41,885,007	₱23,724,749	₱32,832,140	₱126,478,111



	2019						
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
(In Thousands)							
Financial Liabilities at Amortized Cost							
Accounts Payable and Accrued Expenses							
Accounts payable	₱5,107,625	₱1,918,874	₱1,050,089	₱2,714,349	₱2,741,221	₱-	₱13,532,158
Retention fees payable	682,928	682,537	146,810	12,563	573,484	326,311	2,424,633
Deposits for registration	-	381	156,798	574,121	226,135	331,968	1,289,403
Accrued expenses	881,043	-	-	-	-	-	881,043
Accrued interest on bonds and loans	358,754	-	-	-	-	-	358,754
	7,030,350	2,601,792	1,353,697	3,301,033	3,540,840	658,279	18,485,991
Due to Related Parties	100,779	-	-	-	-	-	100,779
Loans Payable	-	2,309,609	6,928,828	11,356,672	18,219,873	-	38,814,982
Bonds Payable	-	1,373,912	4,121,735	13,768,052	10,830,625	1,031,903	31,126,226
Lease liabilities	-	81,331	247,182	1,083,348	809,348	27,829,931	30,051,139
	₱7,131,129	₱6,377,635	₱12,681,226	₱29,216,238	₱32,507,151	₱32,475,248	₱120,935,767

The tables below summarize the maturity profile of the Group's financial assets and contract assets held to manage liquidity as of December 31, 2020 and 2019:

	2020						
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
(In Thousands)							
Financial Assets at Amortized Cost							
Cash and cash equivalents							
Cash on hand and in banks	₱3,886,911	₱-	₱-	₱-	₱-	₱-	₱3,886,911
Cash equivalents	-	2,806,646	-	-	-	-	2,806,646
Contracts receivable							
Contracts receivable	3,963,551	-	-	-	-	-	3,963,551
Receivables from government and financial institutions	193,388	-	-	-	-	-	193,388
Other receivables							
Receivable from tenants – net	2,456,107	-	-	-	-	-	2,456,107
Due from related parties	347,121	-	-	-	-	-	347,121
Receivable from homeowners' associations - net	230,189	-	-	-	-	-	230,189
Receivable from buyers	43,174	-	-	-	-	-	43,174
Others	23,125	-	-	-	-	-	23,125
Short-term deposits	-	-	9,955	-	-	-	9,955
	11,143,566	2,806,646	9,955	-	-	-	13,960,167
Financial Assets at FVOCI							
Investments in shares of stocks:							
Quoted	-	9,425	-	-	-	-	9,425
Unquoted	-	6,197	-	-	-	-	6,197
	-	15,622	-	-	-	-	15,622
Total financial assets	11,143,566	2,822,268	9,955	-	-	-	13,975,789
Contract Assets	-	1,254,899	4,145,430	1,363,970	935,151	1,234,612	8,934,062
	₱11,143,566	₱4,077,167	₱4,155,385	₱1,363,970	₱935,151	₱1,234,612	₱22,909,851



	2019						
	On demand	Less than 3 months	3 months to 1 year	> 1 year but < 3 years	3 years to 5 years	Over 5 years	Total
	(In Thousands)						
Financial Assets at Amortized Cost							
Cash and cash equivalents							
Cash on hand and in banks	₱2,321,835	₱–	₱–	₱–	₱–	₱–	₱2,321,835
Cash equivalents	–	2,451,786	–	–	–	–	2,451,786
Contracts receivable							
Contracts receivable	1,253,612	–	–	–	–	–	1,253,612
Receivables from government and financial institutions	192,580	–	–	–	–	–	192,580
Other receivables							
Receivable from tenants - net	1,742,836	–	–	–	–	–	1,742,836
Due from related parties	687,667	–	–	–	–	–	687,667
Receivable from homeowners' associations - net	155,226	–	–	–	–	–	155,226
Receivable from buyers	139,875	–	–	–	–	–	139,875
Others	38,893	–	–	–	–	–	38,893
Short-term deposits	–	–	47,685	–	–	–	47,685
	6,532,524	2,451,786	47,685	–	–	–	9,031,995
Financial Assets at FVOCI							
Investments in shares of stocks:							
Quoted	–	6,545	–	–	–	–	6,545
Unquoted	–	9,077	–	–	–	–	9,077
	–	15,622	–	–	–	–	15,622
Total financial assets	6,532,524	2,467,408	47,685	–	–	–	9,047,617
Contract Assets	–	1,330,175	4,668,246	3,702,194	1,440,424	1,974,703	13,115,742
	₱6,532,524	₱3,797,583	₱4,715,931	₱3,702,194	₱1,440,424	₱1,974,703	₱22,163,359

Credit Risk

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

It is the Group's policy that buyers who wish to avail the in-house financing scheme be subjected to credit verification procedures. Receivable balances are being monitored on a regular basis and subjected to appropriate actions to manage credit risk. Moreover, as discussed in Note 8, the Group has a mortgage insurance contract with Home Guaranty Corporation for a retail guaranty line.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Title of the real estate property is only transferred to the customer if the consideration had been fully paid. In case of default, after enforcement activities, the Group has the right to cancel the sale and enter into another contract to sell to another customer after certain proceedings (e.g. grace period, referral to legal, cancellation process, reimbursement of previous payments) had been completed. Given this, based on the experience of the Group, the maximum exposure to credit risk at the reporting date is nil considering that fair value less cost to repossess of the real estate projects is higher than the exposure at default. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based groupings of various customer segments with similar loss patterns (i.e., by market segment and collateral type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.



Set out below is the information about the credit risk exposure on the Group's contract receivables and contract assets using a provision matrix:

	2020					
	Total	Socialized	Low Affordable	Affordable	Middle Income	High-end
Expected credit loss rate	0%	0%	0%	0%	0%	0%
Estimated total gross carrying amount at default	₱13,091,002	₱442,089	₱1,800,133	₱2,688,198	₱6,770,394	₱1,390,188

	2019					
	Total	Socialized	Low Affordable	Affordable	Middle Income	High-end
Expected credit loss rate	0%	0%	0%	0%	0%	0%
Estimated total gross carrying amount at default	₱10,842,955	₱232,838	₱1,544,481	₱1,888,517	₱5,738,541	₱1,438,578

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

Based on the Group's experience, the said assets are highly collectible or collectible on demand. The Group holds as collaterals the corresponding properties which the third parties had bought on credit. In few cases of buyer defaults, the Group can repossess the collateralized properties and resell them at the prevailing market price.

The following tables show the credit quality by class of asset as of December 31, 2020 and 2019. The Group's high-grade receivables pertain to receivables from related parties and third parties which, based on experience, are highly collectible or collectible on demand, and of which exposure to bad debt is not significant.

Receivables assessed to be of standard grade are those which had passed a certain set of credit criteria, and of which the Group has not noted any extraordinary exposure which calls for a substandard grade classification.

As at December 31, 2020 and 2019, the analysis of contracts receivable that were past due but not impaired is as follows:

	Past due but not impaired					
	Less than 30 days	30 to 60 days	61 days to 90 days	91 days to 120 days	Over 120 days	Total
	(In Thousands)					
2020	₱440,937	₱397,852	₱370,753	₱255,163	₱2,498,846	₱3,963,551
2019	–	218,222	474,478	560,912	–	1,253,612

There is no concentration risk on the Group's financial assets as of December 31, 2020 and 2019.



Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group's financial instruments affected by market risk include loans payable and cash and cash equivalents.

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's loans from various financial institutions. To manage interest rate risk, the Group renegotiates the interest rates for certain long term debts to convert them from fixed-rate debt to floating-rate debt as the Group believes that the current interest rate environment makes it more favorable to carry floating-rate debt.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings). There is no other impact on the Group's other comprehensive income other than those already affecting the profit and loss.

	Increase (decrease) in basis points	Effect on income before income tax (In Thousands)
2020	+200	₱119,591
	-200	(119,591)
2019	+200	49,734
	-200	(49,734)

The sensitivity analysis shown above is based on the assumption that interest rate movement will most likely be limited to a two hundred basis point upward or downward fluctuation. The Group, used as basis of these assumptions, the annual percentage change of three-month PDST-F rate for the past five years as obtained from Philippine Dealing and Exchange Corp. (PDEX). Effect on the Group's income before tax is computed on the carrying amount of the Group's floating rate loans payable as of December 31, 2020 and 2019

The following tables set out the carrying amount, by maturity, of the Group's loans payable that are exposed to interest rate risk (amounts in thousands):

Variable interest rate	91-day Treasury bill plus 1% to 2% margin					Total
	Below 1 Year	1-2 Years	>2 years but <3 years	3 years to 4 years	Over 4 years	
As of December 31, 2020	₱1,743,021	₱1,092,034	₱455,569	₱1,442,390	₱1,246,550	₱5,979,564
As of December 31, 2019	-	-	-	1,986,764	500,000	2,486,764

31. Contingencies and Commitments

Contingencies

The Group is involved in various legal actions, claims, assessments and other contingencies incidental to its ordinary course of business. Management believes that any amount the Group may have to pay in connection with any of these matters would not have a material adverse effect on the consolidated financial position or operating results. The other information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed as they may prejudice the outcome of the ongoing proceedings.



Build, Transfer and Operate (BTO) Agreement with Cebu Province

In connection with the BTO Agreement with the Cebu Province, the Group is committed to develop and construct a BPO Complex on the properties owned by Cebu Province located at Salinas, Lahug, Cebu City and transfer the ownership of the BPO Complex to the Cebu Province upon completion in exchange for the right to operate and manage the BPO Complex for the entire term of the agreement and its renewal (see Note 16).

Capital Commitments and Obligations

The Group has contractual commitments and obligations for the construction and development costs to be incurred for investment properties and property and equipment items aggregating ₱5,765.02 million and ₱4,783.44 million as of December 31, 2020 and 2019, respectively. These will be recognized as liabilities in the Group's consolidated financial statements when the related services are received.

Assignment of Development Rights under a Build, Transfer and Operate Agreement

On June 26, 2015, the Parent Company and a third party entered into an agreement whereby the latter agreed to assign its project development rights and benefits under its BTO Agreement with Cebu Province to the Parent Company. In consideration of this assignment, the Parent Company paid upfront fee amounting ₱50.0 million and ₱150.0 million in 2016 and 2015, respectively. As of December 31, 2020 and 2019, project construction has not started pending approval from the Province of Cebu on cleared site and this upfront fee is recorded as part of 'Other noncurrent assets' in the consolidated statement of financial position (see Note 16).

Development Agreement with Bases Conversion Development Authority (BCDA)

In 2015, the Parent Company won the contract to develop a 288-hectare area in Clark Green City in Tarlac and paid 10% of the bid premium as bid security amounted to ₱16.0 million. On January 8, 2016, the Joint Venture Agreement with BCDA was signed and pursuant to the terms of the development of the project, the Parent Company paid the ₱160.0 million bid premium representing the right to own 55% of the equity on the joint venture company to be formed with BCDA.

On February 11, 2016, the Parent Company incorporated FCGC Corporation, the entity that will handle the development of the Clark Green City Project (see Note 1). The bid premium is presented as part of investment properties in the consolidated financial statements (see Note 13).

On March 16, 2016, FCGC and BCDA incorporated Filinvest BCDA Clark Inc. (FBCI) with an initial authorized capital stock of One Million Pesos (₱1,000,000) divided into One Million (1,000,000) common shares with par value of One Peso per share.

On March 29, 2017 and May 17, 2017, FBCI's Board of Directors (BOD) and stockholders, respectively, approved the Company's application for the increase in the authorized capital stock. On September 28, 2018, the SEC approved the increase in the authorized capital stock of FBCI from ₱ 1,000,000 divided into 1,000,000 shares at ₱1.00 par value per share to ₱1,000,000,000 divided into 1,000,000,000 shares at ₱1.00 par value per share. FCGC subscribed 282,880,000 shares at par value amounting to ₱282,880,000, out of which ₱267,330,000 shares at is still unpaid. On the other hand, BCDA subscribed 231,000,000 shares amounting ₱231,000,000 and paid its subscription thru the assignment of a 50-year Development and Usufructuary Rights (DUR) over the parcel of land where the CGC project will be developed. The value of the DUR approved by the SEC amounted to ₱231,000,000, which is equal to BCDA's subscription on the increase in authorized capital stock. FCGC and BCDA subscribed pro rata on the increase in authorized capital stock based on their existing ownership interest. The DUR was recorded in FBCI's books as of December 31, 2020 and 2019 under investment properties.



32. Registration with PEZA

On February 13, 2002, the Parent Company, FAC and CPI were registered with Philippine Economic Zone Authority (PEZA) pursuant to the provisions of RA No. 7916 as the Ecozone Developer/Operator to lease, sell, assign, mortgage, transfer or otherwise encumber the area designated as a Special Economic Zone (Ecozone). The same shall be known as Filinvest Technology Park-Calamba.

Under the registration, the Parent Company shall enjoy 5% preferential tax privilege on income generated from the Ecozone in lieu of the regular income tax rate.

On June 11, 2001, FAC was registered with PEZA as the developer/operator of PBCom Tower not entitled to any incentives. However, IT enterprises which shall locate in PBCom Tower shall be entitled to tax incentives pursuant to RA No. 7916.

On June 6, 2000, CPI was registered with PEZA as an ECOZONE Facilities Enterprise. As a registered enterprise, it is also entitled to certain tax and non-tax benefits such as exemption from payment of national and local taxes and instead a special tax rate of five percent (5%) of gross income.

On December 15, 2015, PDDC was registered with PEZA as an ECOZONE Facilities Enterprise. As a registered enterprise, PDDC is entitled to certain tax and non-tax benefits such as exemption from payment of national and local taxes and instead a special tax rate of five percent (5%) of gross income.

On July 3, 2019, FBCI was registered with PEZA as an ECOZONE developer/operator enterprise of New Clark City Phase I. As a registered enterprise, FBCI is entitled to certain tax and non-tax benefits such as exemption from payment of national and local taxes and instead a special tax rate of five percent (5%) of gross income.

The Group is also entitled to zero percent (0%) value-added tax for sales made to ECOZONE enterprises.

33. Registration with the Board of Investments (BOI)

The Group has registered the following New Developer of Low-Cost Mass Housing Projects with the BOI under the Omnibus Investments Code of 1987 (Executive Order No. 226) and are un-expired as of December 31, 2020:

Name	Reg. No.	Date Registered
Ventura Real Ph 01	2017-298	11/08/2017
New Fields	2018-016	01/22/2018
Futura Homes Palm Estates Ph 1	2018-156	07/20/2018
Futura Homes Zamboanga Ph1A	2018-200	09/24/2018
New Leaf	2019-054	03/20/2019
Sandia Homes 2	2019-136	07/25/2019
8 Spatial Davao Bldg 5	2019-182	09/26/2019
Marina Spatial Bldg 2	2019-259	12/02/2019



As a registered enterprise, the Group is entitled to certain tax and nontax incentives, subject to certain conditions.

34. Notes to Statements of Cash Flows

The Group's noncash activities are as follows:

- a) Land and land developments previously presented under inventories were reclassified to investment property amounting to ₱0.07 million (see Notes 10 and 13).
- b) Lots, condominium and residential units for sale presented under inventories were reclassified to investment property amounting to ₱249.76 million (see Notes 10 and 13).
- c) Addition to investment in associate due to loss of control amounting to ₱90.0 million (see Note 12).
- d) Reclassification from investment property to property, plant and equipment amounting to ₱39.71 million (see Notes 13 and 14).
- e) Reclassification from investment property to real estate inventories amounting to ₱153.28 million (see Notes 10 and 13).
- f) Reclassification of property, plant and equipment to real estate inventories amounting to ₱55.65 million (see Notes 10 and 14)
- g) Purchases of inventories, investment properties and property and equipment for the year which remain unpaid amounted to ₱2.9 million, ₱1.64 billion and ₱2.18 million, respectively (see Notes 10, 13 and 14).
- h) Additions to right-of-use assets and lease liability for a contract between FLI and FAI on December 2020 amounting to ₱96.17 million. (See Notes 13 and 20).
- i) Decrease in property, plant and equipment amounting to ₱34.45 million due to the deconsolidation of DPI. (see Notes 12 and 14).
- j) Increase in due to related party and decrease in retirement liabilities amounting to ₱12.07 million due to transfers of certain employees to FDC (see Note 25).
- k) The Group has remaining unpaid cash dividend amounting to ₱49 million out of the ₱1.76 billion declared in 2020 (see Note 26).
- l) Total accretion of interest in 2020 for loans and bonds payable amounted to ₱91.6 million and ₱46.2 million, respectively (see Notes 18 and 19).
- m) In 2020, deposits previously held in escrow amounting to ₱281.9 million for the purchase of a parcel of land has been transferred to land and land development costs (see Notes 10 and 16)

Changes in liabilities arising from financing activities for the years ended December 31 follows:

	2020			December 31, 2020
	January 1, 2020	Cash flows	Noncash movement	
	(In Thousands)			
Loans payable	₱35,528,233	₱2,460,035	₱116,755	₱38,105,023
Bonds payable	27,884,687	3,757,682	21,159	31,663,528
Accrued interest	358,754	(3,917,635)	4,244,961	686,080
Dividends payable	18,655	(1,588,558)	1,618,904	49,001
Lease liabilities	5,870,064	(317,948)	600,844	6,152,960
Due to related parties	100,779	(828)	12,070	112,021
	₱69,761,172	₱392,748	₱6,614,693	₱76,768,613



	2019			
	January 1, 2019	Cash flows	Noncash movement	December 31, 2019
	(In Thousands)			
Loans payable	₱24,948,473	₱10,559,337	₱20,423	₱35,528,233
Bonds payable	34,834,266	(7,000,000)	50,421	27,884,687
Accrued interest	358,433	(3,260,571)	3,260,892	358,754
Dividends payable	–	(1,482,405)	1,501,060	18,655
Lease liabilities	–	(295,937)	6,166,001	5,870,064
Due to related parties	181,271	(80,492)	–	100,779
	₱60,322,443	(₱1,560,068)	₱10,998,797	₱69,761,172

‘Noncash movement’ column includes amortization of debt issuance costs and interest expense for loans payable and bonds payable, dividend declaration and share in the net income of noncontrolling interest.

35. Events after the Reporting Date

On March 9, 2021, the Parent Company’s BOD has approved the initial public offering of the common shares of CPI (the Issuer), subject to the registration requirements of the SEC, the listing requirements of the PSE and requirements of the revised implementing rules and regulations of the REIT Act of 2009, under the following terms:

- a. The offer and sale of up to 1,630,762,905 common shares of the Issuer owned by FLI (the “Secondary Offer Shares”) to be offered by way of a secondary offer at an offer price of up to ₱8.30 per share which represent at least one third of the outstanding capital stock of the Issuer after the increase in its authorized capital stock to seven billion one hundred thirty one million eight hundred forty nine thousand pesos (₱7,131,849,000) divided into fourteen billion two hundred sixty three million six hundred ninety eight thousand (14,263,698,000) common shares with a par value of fifty centavos (Php0.50) per share;
- b. The grant by FLI of an over-allotment option pursuant to which a stabilizing agent or its relevant affiliate has the right to purchase up to 163,076,291 common shares of the Issuer owned by FLI (the “Option Shares”) under the same terms and conditions as the Secondary Offer Shares (the Secondary Offer Shares and the Option Shares are collectively the “Offer Shares”).

The Group considers this event as a non-adjusting subsequent event, accordingly, no adjustments have been made to the consolidated financial statements as of and for the year ended December 31, 2020.

36. Other Matters

COVID-19 Pandemic

In a move to contain the COVID-19 pandemic in the Philippines, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region (NCR) effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an ECQ throughout the island of Luzon until April 12, 2020, which was subsequently extended to April 30, 2020 and further extended to



May 15, 2020. The ECQ shifted to modified enhanced community quarantine (MECQ) until May 31, 2020 and to general community quarantine (GCQ) for NCR and certain provinces until the first part of the third quarter. Subsequently, MECQ was once again imposed on select areas including Metro Manila and a few other provinces in the National Capital Region from August 4 to 18, 2020 then back again to GCQ until December 31, 2020. On January 1, 2021, the Office of the President issued a Memorandum from the Executive Secretary placing the NCR and other highly urbanized cities and independence component cities under GCQ and MGCQ until January 31, 2021, which was further extended until February 28, 2021 and March 31, 2021 for certain parts of the country, including the NCR.

The Group continues to abide by and comply with all rules and regulations issued by the government in relation to the COVID-19 pandemic. In line with applicable rules and regulations, the said risks are mitigated by business continuity strategies set in place by the Group. Measures currently undertaken by the Group to mitigate the risks of COVID-19 pandemic on its operations include workfrom-home arrangements, proper and frequent sanitation of office premises, cancellation of large group meetings in person, an internal ban on foreign business travel, and the practice of social distancing through remote communication, among others.

The quarantine restrictions and recent social distancing guidelines limit the operations of malls and construction completion. Despite the challenges, the Group prioritized easing the burden of its customers by providing payment grace periods or rental relief. Past efforts in process improvement and digitalization allowed the company to operate efficiently and effectively to continue to serve customers. Operations have adjusted to the pandemic from digital marketing and online selling processes to the continued communication with the buyers and homeowners through the online service desk. As of date, estimate of the impact cannot be made.

The Group is taking a two-pronged strategy of (i) expanding the investment property portfolio and (ii) prudent residential development focusing on the end-user, affordable and middle-income markets. The company is concentrating on the completion of its key projects, particularly office buildings which continue to be in demand and selected residential developments across the country.



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Filinvest Land, Inc.
79 EDSA, Brgy. Highway Hills
Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Filinvest Land, Inc. (the Parent Company) and its subsidiaries (collectively referred to as "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 March 9, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Wanessa G. Salvador

Partner

CPA Certificate No. 0118546

Accreditation No. 118546-SEC (Group A),

Valid to cover audit of 2019 to 2023

financial statements of SEC covered institutions

Tax Identification No. 248-679-852

BIR Accreditation No. 08-001998-137-2020,

January 31, 2020, valid until January 30, 2023

PTR No. 8534358, January 4, 2021, Makati City

March 9, 2021



INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Filinvest Land, Inc.
79 EDSA, Brgy. Highway Hills
Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Filinvest Land, Inc. (the Parent Company) and its subsidiaries (collectively referred to as "the Group") 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 March 9, 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.



Wanessa G. Salvador
Partner
CPA Certificate No. 0118546
Accreditation No. 118546-SEC (Group A),
Valid to cover audit of 2019 to 2023
financial statements of SEC covered institutions
Tax Identification No. 248-679-852
BIR Accreditation No. 08-001998-137-2020,
January 31, 2020, valid until January 30, 2023
PTR No. 8534358, January 4, 2021, Makati City

March 9, 2021



**FILINVEST LAND, INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES**

SUPPLEMENTARY SCHEDULES

Schedule	Contents
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B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (other than related parties)
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SCHEDULE A

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS

DECEMBER 31, 2020

Below is the detailed schedule of the Group's financial assets in equity securities as of December 31, 2020:

Name of Issuing entity and association of each issue	Number of Shares	Amount Shown in the Statement of Financial Position	Value Based on Market Quotation at end of year	Income Received and Accrued
(In Thousands Except Number of Shares)				
Financial assets at FVOCI				
Quoted:				
Philippine Long Distance Telephone Company	26,100	₱348	₱348	₱-
Manila Electric Company (MERALCO)	1,153,694	6,197	6,197	-
		6,545	6,545	-
Unquoted:				
The Palms Country Club, Inc.	1,000	₱3,060	₱3,060	₱-
Cebu Country Club	1	6,017	6,017	-
		9,077	9,077	-
		₱15,622	₱15,622	₱-

The Group's investment in MERALCO is an unlisted preferred shares acquired in connection with the infrastructure that it provides for the Group's real estate development projects. These are carried at cost less impairment, if any.

SCHEDULE B

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES) DECEMBER 31, 2020

As of December 31, 2020, there were no advances to employees of the Group with balances above ₱1.0 million.

Related Party Transactions

Due from related parties

Below is the list of outstanding receivables from related parties of the Group presented in the consolidated statements of financial position as of December 31, 2020 (amounts in thousands):

	Relationship	Nature	Balance as of December 31, 2020
FOR A Services, Inc.	Affiliate	A	₱90,314
Pro-excel Property Management, Inc.	Associate	A	80,823
Filinvest Mimosa, Inc.	Associate	A, C	73,268
Dreambuilders Pro, Inc.	Associate	A	71,034
East West Banking Corporation	Affiliate	A	20,714
Davao Sugar Central Corp.	Affiliate	A	5,802
Countrywide Water Services, Inc.	Affiliate	A	1,766
Princesa Seascapes, Inc.	Affiliate	A	1,246
Filinvest Hospitality Corporation	Affiliate	A	991
AG Foundation, Inc.	Affiliate	A	572
GCK Realty	Affiliate	C	235
ALG Holdings, Corp	Ultimate Parent	A	128
FDC Utilities, Inc.	Affiliate	A	102
Mimosa Cityscapes, Inc.	Affiliate	A	63
Propel Realty Corp	Affiliate	A	29
FDC – Misamis Power Corp.	Affiliate	A	13
FDC Forex Corp.	Affiliate	A	6
Seascape Residence Club, Inc.	Affiliate	A	5
Boracay Seascapes Resort, Inc.	Affiliate	A	4
Duawon Seascapes Resort Inc.	Affiliate	A	3
Dumaguete Cityscapes, Inc.	Affiliate	A	1
Dauin Seascapes, Inc.	Affiliate	A	1
Princesa Seascapes	Affiliate	A	1
			₱347,121

Nature of intercompany transactions

The nature of the intercompany transactions with the related parties is described below:

- a. Expenses – these pertain to the share of the related parties in various common selling and marketing and general and administrative expenses.
- b. Management and marketing fee
- c. Reimbursable commission expense

SCHEDULE C

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE (PAYABLES) FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS DECEMBER 31, 2020

Below is the schedule of receivables (payables) with related parties which are eliminated in the consolidated financial statements as of December 31, 2020. All are noninterest-bearing and to be settled within the year (amounts in thousands):

		Volume of Transactions	Receivable (Payable)
Property Maximizer Professional Corporation	Share in Expenses	(P36,931)	P113,917
	Marketing Fee Expenses	21,084	
Filinvest All Philippines, Inc.	Share in expenses	99,283	15,665
Homepro Realty Marketing, Inc.	Share in expenses	4,013	795,354
Leisurepro, Inc.	Share in expenses	31	6,454
Property Leaders International, Ltd.	Share in expenses	-	111
Proleads Philippines, Inc.	Share in expenses	7,861	25,958
Realpros Philippines, Inc.	Share in expenses	4,486	14,908
Dreambuilders Pro, Inc.	Share in expenses	(35,603)	71,239
Property Specialist Resources, Inc.	Share in expenses	7,842	7,865
Festival Supermall, Inc. (Management)	Share in expenses	6,891	(3,610)
FSM Cinemas, Inc.	Share in expenses	12,933	239
Filinvest Lifemalls Corporation	Share in expenses	(49,995)	(49,993)
Filinvest Lifemalls Tagaytay, Inc.	Share in expenses	(736,743)	542,747
Timberland Sports and Nature Club	Share in expenses	(13,626)	2,875
Cyberzone Properties, Inc.	Share in Expenses	914,257	9,493,865
	Sale of Asset	234,891	
	Dividend Income	7,627,713	
	Rental Income	304,191	
Filinvest Cyberparks, Inc.	Share in expenses	984,360	13,824
Filinvest Clark Green City Corporation	Share in expenses	(18,509)	-
Filinvest BCDA Clark, Inc.	Share in expenses	8,413	11,576
Filinvest Lifemalls Mimosa, Inc.	Share in expenses	-	210
Filinvest Cyberzone Mimosa, Inc.	Share in expenses	184,800	2,877,436
Filinvest Asia Corporation	Share in expenses	8	(5)
Philippine DCS Development Corporation	Share in expenses	(1,905)	118
Gintong Parisukat Realty & Devt Corp.	Share in expenses	5,026	12,247
ProOffice Works Services, Inc. (ProOffice)	Share in expenses	1	2
		P9,534,772	P13,953,002

The table below shows the movement of the receivables (payables) from related parties:

Name	Balance at beginning of year	Additions	Collections	Balance as of December 31, 2020
Property Maximizer Professional Corporation	₱129,764	₱-	(₱15,847)	₱113,917
Filinvest AII Philippines, Inc.	(83,618)	(20,000)	119,283	15,665
Homepro Realty Marketing, Inc.	791,341	4,013	-	795,354
Leisurepro, Inc.	6,423	31	-	6,454
Property Leaders International, Ltd.	111	-	-	111
Proleads Philippines, Inc.	18,097	7,916	(55)	25,958
Realpros Philippines, Inc.	10,422	4,486	-	14,908
Dreambuilders Pro, Inc.	106,842	100,245	(135,848)	71,239
Property Specialist Resources, Inc.	23	8,017	(175)	7,865
Festival Supermall, Inc. (Management)	(10,501)	-	6,891	(3,610)
FSM Cinemas, Inc.	(12,694)	-	12,933	239
Filinvest Lifemalls Corporation	2	-	(49,995)	(49,993)
Filinvest Lifemalls Tagaytay, Inc.	1,279,490	-	(736,743)	542,747
Timberland Sports and Nature Club	16,501	-	(13,626)	2,875
Cyberzone Properties, Inc.	412,813	9,081,052	-	9,493,865
Filinvest Cyberparks, Inc.	(970,536)	(4,049)	988,409	13,824
Filinvest Clark Green City Corporation	18,509	206,115	(224,624)	-
Filinvest BCDA Clark, Inc.	3,163	8,413	-	11,576
Filinvest Lifemalls Mimosa, Inc.	210	-	-	210
Filinvest Cyberzone Mimosa, Inc.	2,692,636	184,800	-	2,877,436
Filinvest Asia Corporation	(13)	8	-	(5)
Philippine DCS Development Corporation	2,023	83	(1,988)	118
Gintong Parisukat Realty & Devt Corp.	7,221	5,026	-	12,247
ProOffice Works Services, Inc. (ProOffice)	1	1	-	2
	₱4,418,230	₱9,586,157	(₱51,385)	₱13,953,002

The intercompany transactions between FLI and the subsidiaries pertain to share in common expenses, rental charges, marketing fee and management fee. There were no amounts written off during the year and all amounts are expected to be settled within the year.

SCHEDULE D

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF INTANGIBLE ASSETS - OTHER ASSETS DECEMBER 31, 2020

As of December 31, 2020, the Group's intangible assets consist of Goodwill. Goodwill in the Group's consolidated statements of financial position arose from the acquisition of two major assets consisting of (amounts in thousands):

Festival Supermall structure	₱3,745,945
FAC	494,744
CPI	326,553
	<hr/>
	₱4,567,242
	<hr/>

SCHEDULE E

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT DECEMBER 31, 2020

Below is the schedule of long-term debt of the Group:

Type of Obligation	Amount	Current	Non-Current
		(In Thousands)	
<u>Developmental loans</u>			
Short Term Loan (90 days) obtain in November 25, 2020 with interest of 4.3819% payable in quarterly in arrears. The principal is payable at maturity on February 23, 2021	998,767	998,767	—
Short term loan obtained in August 2020 with interest rate equal to 3.7050% per annum, payable quarterly in arrears. The principal is payable at maturity in August 2021.	497,661	497,661	—
Unsecured loan obtained in July 2020 with interest rate equal 5.4101% per annum (fixed rate for 5 years), payable quarterly in arrears. The 50% of principal is payable in 12 equal installments starting October 2022 and the remaining 50% balance is payable in October 2025.	993,332	—	993,332
Unsecured loan obtained in July 2020 with interest rate equal 5.4898% per annum (fixed rate for 5 years), payable quarterly in arrears. The 50% of principal is payable in 12 equal installments starting October 2022 and the remaining 50% balance is payable in October 2025.	993,163	—	993,163
Unsecured loan obtained in July 2020 with interest rate equal 5.4121% per annum (fixed rate for 5 years), payable quarterly in arrears. The 50% of principal is payable in 12 equal installments starting October 2022 and the remaining 50% balance is payable in October 2025.	198,631	—	198,631
Unsecured loan obtained in May 2020 with interest rate equal to 4.75% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in May 2025.	278,136	—	278,136
Unsecured loan obtained in April 2020 with interest rate equal to 4.23% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in April 2025.	198,700	—	198,700
Unsecured loan obtained in April 2020 with interest rate equal to 4.23% per annum (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal quarterly amortizations to commence in July 2022 and 50% is payable at maturity in April 2025.	298,088	—	298,088
Unsecured loan obtained in April 2020 with interest rate equal to 4.91% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in April 2025.	500,000	—	500,000
Unsecured loan obtained in February 2020 with interest rate equal to 5.02% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in February 2025.	298,098	—	298,098
Unsecured loan obtained in March 2020 with interest rate equal to 5.55% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in March 2025.	198,704	—	198,704
Unsecured loan obtained in January 2020 with interest rate equal to 5.2540% per annum (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal quarterly amortizations to commence in April 2022 and 50% is payable at maturity in January 2025.	372,735	—	372,735
Unsecured loan obtained in March 2020 with interest rate equal to 5.5072% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in March 2025.	496,746	—	496,746

Type of Obligation	Amount	Current (In Thousands)	Non-Current
Unsecured loan obtained in March 2020 with interest rate equal to 5.5470% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in March 2025.	496,759	—	496,759
Unsecured loan obtained in March 2020 with interest rate equal to 5.5470% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in March 2025.	198,725	—	198,725
Unsecured loan obtained in January 2020 with interpolated rate of 5.08% per annum (fixed rate for 5 years), payable quarterly in arrears. 50% of principal is payable in 12 equal quarterly amortizations to commence in April 2022 and 50% is payable at maturity in October 23 2024.	993,875	—	993,875
Unsecured loan obtained in January 2020 with interest rate equal to 5.2540% per annum (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal quarterly amortizations to commence in April 2022 and 50% is payable at maturity in January 2025.	422,397	—	422,397
Unsecured loan obtained in January 2020 with interest rate equal to 5.32% per annum (fixed rate for 5 years), payable quarterly in arrears. The 50% principal is payable in 12 equal installments starting April 2022 and the remaining 50% balance is payable in January 2025.	500,000	—	500,000
Unsecured loan obtained in June 2016 with interest rate equal 3.91% per annum (fixed rate for 5 years), payable quarterly in arrears. The 50% of principal is payable in 12 equal installments starting September 2018 and the remaining 50% balance is payable in June 2021.	291,667	291,667	—
Unsecured loan obtained in July 2016 with interest rate equal to 3.81% per annum (fixed for 5 years), payable quarterly in arrears. The 50% of principal is payable in 12 equal quarterly amortization to commence in October 2018 and 50% is payable at maturity in July 2021.	218,750	218,750	—
Unsecured loan obtained in July 2014 with interest rate equal to 4.88% per annum (fixed rate for 7 years), payable quarterly in arrears. The 50% of principal is payable in 20 equal quarterly amortizations to commence in October 2016 and 50% is payable at maturity in July 2021.	402,500	402,500	—
Unsecured loan obtained in June 2019 with interest rate equal to 91-day Bloomberg Valuation Service Rate (BVAL Rate) plus margins, payable quarterly in arrears. The 50% principal is payable in 12 equal quarterly amortizations to commence on September 2021 and 50% payable at maturity on June 2024.	500,000	83,333	416,667
Unsecured loan obtained in November 2016 with interest rate equal to 4.75% per annum (fixed rate for 7 years), payable quarterly in arrears. The 50% of principal is payable in 16 equal quarterly amortizations to commence in February 2020 and 50% is payable at maturity in November 2023.	350,000	50,000	300,000
Unsecured loan obtained in December 2019 with interest rate equal to 5.06% per annum (fixed rate for 5 years), payable quarterly in arrears. The 50% principal is payable in 12 equal installments starting March 2022 and the remaining 50% balance is payable in December 2024.	300,000	—	300,000
Unsecured loan obtained in October 2019 with interest rate equal to 5.18% per annum (fixed rate for 5 years), payable quarterly in arrears. The 50% principal is payable in 12 equal installments starting January 2022 and the remaining 50% balance is payable in October 2024.	500,000	—	500,000
Unsecured loan obtained in September 2019 with interest rate equal to 5.21% per annum (fixed rate for 5 years), payable quarterly in arrears. The 50% principal is payable in 12 equal	300,000	—	300,000

Type of Obligation	Amount	Current (In Thousands)	Non-Current
installments starting December 2021 and the remaining 50% balance is payable in September 2024.			
Unsecured loan obtained in July 2014 with interest rate equal to 4.88% per annum (fixed rate for 7 years), payable quarterly in arrears. The 50% of principal is payable in 20 equal quarterly amortizations to commence in October 2016 and 50% is payable at maturity in July 2021.	345,000	345,000	—
Unsecured loan obtained in February 2016 with interest rate equal to 5.10% per annum (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal quarterly amortizations to commence in May 2018 and 50% is payable at maturity in February 2021.	108,317	108,317	—
Unsecured loan obtained in March 2017 with interest rate equal to 5.00% per annum (fixed rate for 5 years). The 50% principal is payable in 12 equal amortization to commence in June 2019 and 50% is payable at maturity in March 2022.	353,542	82,833	270,708
Unsecured loan obtained in May 2016 with interest rate equal to 4.35% per annum (fixed rate for 5 years). The 50% of principal is payable in 12 equal amortization to commence in August 2018 and 50% is payable at maturity in May 2021.	233,200	233,200	—
Unsecured loan obtained in December 2016 with interest rate equal to 5.45% per annum (fixed rate for 7 years), payable quarterly in arrears. The 50% principal is payable in 16 equal amortizations to commence in March 2020 and 50% is payable at maturity in December 2023.	174,619	24,857	149,762
Unsecured loan obtained in December 2017 with interest rate equal to 5.46% per annum (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal quarterly amortizations to commence in March 2020 and 50% is payable at maturity in December 2022.	332,533	66,267	266,267
Unsecured loan obtained in June 2018 with interest rate equal to 6.37% per annum (fixed rate for 5 years). 6% of the principal balance is payable at 12 equal quarterly amortization to commence on September 2020 and 94% is payable maturity on June 2023.	493,188	9,250	483,938
Unsecured loan obtained in October 2016 with interest rate equal to 4.25% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in October 2021.	999,160	999,160	—
Unsecured loan obtained in June 2019 with interpolated rate of 5.05%, payable quarterly in arrears. The principal is payable at maturity on June 2024.	1,989,181	2,907	1,986,274
Unsecured loan obtained in October 2016 with interest rate equal to 4.47% per annum (fixed rate for 7 years), payable quarterly in arrears. The 50% of principal is payable in 20 equal quarterly amortizations to commence in January 2019 and 50% is payable at maturity in October 2023.	559,782	69,913	489,869
Unsecured loan obtained in September 2016 with interest rate equal to 3.87% per annum (fixed rate for 5 years), payable quarterly in arrears. The 50% of principal is payable in 12 equal quarterly amortizations to commence in December 2018 and 50% is payable at maturity in September 2021.	499,592	499,592	—
Unsecured loan obtained in October 2016 with interest rate equal to 4.21% per annum (fixed rate for 7 years), payable quarterly in arrears. The 50% of principal is payable in 20 equal quarterly amortizations to commence in January 2019 and 50% is payable at maturity in October 2023.	1,039,502	129,801	909,700
Unsecured loan obtained in June 2017 with interest rate equal to 5.76% per annum (fixed rate for 7 years), payable quarterly in arrears. The 50% of principal is payable in 15 equal quarterly amortizations to commence in September 2020 and 50% is payable at maturity in June 2024.	465,545	66,285	399,260

Type of Obligation	Amount	Current (In Thousands)	Non-Current
Unsecured loan obtained in November 2016 with interest rate equal to 5.20% per annum (fixed rate for 7 years), payable quarterly in arrears. The 50% of principal is payable in 16 equal quarterly amortizations to commence in February 2020 and 50% is payable at maturity in November 2023.	437,347	62,440	374,908
Unsecured loan obtained in June 2016 with interest rate equal to 3.90% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in June 2021.	999,500	999,500	—
Unsecured loan obtained in June 2019 with interpolated rate of 4.99% per annum (fixed rate for 5 years), payable quarterly in arrears. 50% of principal is payable in 12 equal quarterly amortizations to commence in September 2021 and 50% is payable at maturity in June 2024.	1,990,078	163,258	1,826,820
Unsecured loan obtained in December 2016 with interest rate equal to 4.94% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in December 2021.	149,841	149,841	—
Unsecured loan obtained in May 2016 with interest rate equal to 4.29% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in May 2021.	999,605	999,605	—
Unsecured loan obtained in June 2019 with interpolated rate of 4.84% per annum (fixed rate for 5 years), payable quarterly in arrears. 50% of principal is payable in 12 equal quarterly amortizations to commence in September 2021 and 50% is payable at maturity in June 2024.	2,985,103	244,875	2,740,228
Unsecured loan obtained in December 2016 with interest rate equal to 4.94% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in December 2021.	499,457	499,457	—
Unsecured loan obtained in June 2017 with interest rate equal to 5.07% per annum (fixed rate for 5 years), payable quarterly in arrears. The 3% principal is payable in three (3) annual amortizations to commence in June 2019 and 97% is payable at maturity in June 2022.	978,432	8,930	969,502
Unsecured loan obtained in June 2019 with interpolated rate of 5.21% per annum (fixed rate for 5 years), payable quarterly in arrears. 50% of principal is payable in 12 equal quarterly amortizations to commence in September 2021 and 50% is payable at maturity in June 2024.	1,990,036	163,260	1,826,777
Unsecured loan obtained in July 2018 with interest rate equal to 6.51% per annum (fixed rate for 5 years), payable quarterly in arrears. 50% of principal is payable in 12 equal quarterly amortizations to commence in October 2020 and 50% is payable at maturity in July 2023.	1,433,108	247,874	1,185,234
Unsecured loan obtained in June 2018 with interest rate equal to 6.20% per annum (fixed rate for 5 years). The principal is payable at maturity in June 2023.	1,494,040	2,431	1,491,608
Unsecured loan obtained in October 2019 with interest rate equal to 4.98% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in October 2024.	497,052	715	496,338
Unsecured loan obtained in September 2019 with interest rate equal to 5.30% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable upon maturity in September 2024.	994,238	1,445	992,793
Unsecured loan obtained in September 2019 with interest rate equal to 5.11% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable upon maturity in September 2024.	994,269	1,446	992,823

Type of Obligation	Amount	Current (In Thousands)	Non-Current
Unsecured loan obtained in March 2016 with interest rate equal to 5.74% per annum (fixed rate for 7 years). The 50% of principal balance is payable in 20 equal quarterly amortizations to commence in June 2018 and 50% is payable at maturity in March 2023.	144,690	19,857	124,833
Unsecured loan obtained in September 2016 with interest rate equal to 3.80% per annum (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal quarterly amortization to commence in December 2018 and 50% is payable at maturity in September 2021.	46,825	46,825	—
Unsecured loan obtained in February 2017 with interest rate equal to 4.65% per annum (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal quarterly amortization to commence in May 2019 and 50% is payable at maturity in February 2022.	70,725	16,567	54,158
Unsecured loan obtained in July 2017 with interest rate equal to 4.78% per annum (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal quarterly amortization to commence in October 2019 and 50% is payable at maturity in July 2022.	138,279	28,992	109,288
Unsecured loan obtained in March 2017 with interest rate equal to 4.86% per annum (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal quarterly amortization to commence in June 2019 and 50% is payable at maturity in March 2022.	176,792	28,992	147,800
Unsecured loan obtained in November 2019 with interest rate equal to 5.01% per annum (fixed rate for 5 years), payable quarterly in arrears. The principal is payable at maturity in November 2024.	1,000,000	—	1,000,000
Unsecured loan obtained in October 2020 with interest rate equal to 4.75% per annum (fixed rate for 5 years). The 50% of principal balance is payable in 12 equal quarterly amortization to commence in January 2023 and 50% is payable at maturity in October 2025.	695,012	—	695,012
Sub Total - Developmental Loans	38,105,023	8,866,369	29,238,654

Bonds

Fixed rate bonds with aggregate principal amount of P8.00 billion issued by the Group on August 20, 2015. This comprised of P7.00 billion, 7-year fixed rate bonds due in August 2022 with a fixed interest rate of 5.36% per annum, and P1.00 billion, 10-year fixed rate bonds due in August 2025 with a fixed interest rate of 5.71% per annum.	7,973,628	1,105	7,972,523
Fixed rate bonds with aggregate principal amount of P7.0 billion issued by the Group on November 8, 2013. This comprised of P4.30 billion 7-year fixed rate bonds due in November 2020 with a fixed interest rate of 4.86% per annum, and P2.70 billion 10-year fixed rate bonds due in November 2023 with a fixed interest rate of 5.43% per annum.	2,692,570	—	2,692,570
Fixed rate bonds with aggregate principal amount of P7.0 billion issued by the Group on December 4, 2014. This comprised of P5.30 billion, 7-year fixed rate bonds due in December 2021 with a fixed interest rate of 5.40% per annum, and P1.70 billion, 10-year fixed rate bonds due in December 2024 with a fixed interest rate of 5.64% per annum.	6,987,226	5,293,412	1,693,814
Fixed rate bonds with principal amount of P6.00 billion and term of 5.5 years from the issue date was issued by the Company on July	5,974,169	—	5,974,169

Type of Obligation	Amount	Current	Non-Current
		(In Thousands)	
7, 2017 to mature in January 2023 with fixed interest rate is 5.05% per annum.			
Fixed rate bonds with principal amount of P6.33 billion and term of 3.0 years from the issue date was issued by the Company on November 18, 2020 to mature in November 18, 2023 with fixed interest rate is 3.33% per annum.	6,285,497	–	6,285,497
Fixed rate bonds with principal amount of P1.76 billion and term of 5.5 years from the issue date was issued by the Company on November 18, 2020 to mature in November 18, 2026 with fixed interest rate is 4.18% per annum.	1,750,437	–	1,750,437
Sub Total - Bonds	31,663,528	5,294,517	26,369,011
Total	69,768,551	14,160,886	55,607,665

Each loan balance is presented net of unamortized deferred costs. The agreements covering the abovementioned loans require maintaining certain financial ratios including debt-to-equity ratio ranging from 2.0x to 3.1x and minimum interest coverage ratio of 1.0x.

Each bond balance is presented net of unamortized deferred costs. The agreements covering the abovementioned bonds require maintaining certain financial ratios including maximum debt-to-equity ratio of 2.0x; minimum current ratio of 2.0x; and minimum debt service coverage ratio (DSCR) of 1.0x (except for CPI bonds which requires maximum debt-to-equity ratio of 2.33x and DSCR of 1.1x).

The agreements also provide for restrictions and requirements with respect to, among others, making distribution on its share capital; purchase, redemption or acquisition of any share of stock; sale or transfer and disposal of all or a substantial part of its capital assets; restrictions on use of funds; and entering into any partnership, merger, consolidation or reorganization.

The Group has complied with these contractual agreements. There was neither default nor breach noted for the year ended December 31, 2020.

SCHEDULE F

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF INDEBTEDNESS TO RELATED PARTIES DECEMBER 31, 2020

Below is the list of outstanding payables to related parties of the Group presented in the consolidated statements of financial position as of December 31, 2020:

	Relationship	Nature	Balance at beginning of period	Balance at end of period
(In Thousands)				
Filinvest Development Corp.	Parent Company	A, C	₱18,068	₱60,484
Corporate Technologies, Inc.	Associate	A	42,373	42,810
Filinvest Alabang, Inc	Associate	A	–	3,760
Entrata Hotel Services, Inc.	Affiliate	A	–	2,757
Chroma Hospitality, Inc.	Affiliate	A	–	1,491
Palms Country Club, Inc	Affiliate	A	1	355
Crimson Mactan	Affiliate	A	–	193
Filinvest Corporate City	Affiliate	A	–	66
Crimson Alabang	Affiliate	A	–	61
Pacific Sugar Holdings, Corp.	Affiliate	A	14,032	15
Manila Waldorf School	Affiliate	A	–	12
Mactan Seascapes Services, Inc.	Affiliate	A	873	9
Seascapes Resort, Inc.	Affiliate	A	–	5
Quest Pampanga	Affiliate	A	–	3
Quest Restaurants Inc.	Affiliate	A	21,773	–
Entrata Hotel Services, Inc.	Affiliate	A	2,404	–
Countrywide Water Services, Inc.	Affiliate	A	455	–
The Palms Country Club	Affiliate	A	392	–
Filinvest Hospitality Corporation	Affiliate	A	295	–
AG Foundation, Inc.	Affiliate	A	56	–
Crimson Hotel	Affiliate	A	47	–
ParkingPro, Inc.	Affiliate	A	10	–
			₱100,779	₱112,021

Nature of intercompany transactions

The nature of the intercompany transactions with the related parties is described below:

- a. Expenses - these pertain to the share of the Group in various common selling and marketing and general and administrative expenses.
- b. Management and marketing fee
- c. Dividends

SCHEDULE G

FILINVEST LAND, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES OF OTHER ISSUERS DECEMBER 31, 2020

The Group does not have guarantees of securities of other issuers as of December 31, 2020.

SCHEDULE H**FILINVEST LAND, INC. AND SUBSIDIARIES****SUPPLEMENTARY SCHEDULE OF CAPITAL STOCK****DECEMBER 31, 2020**

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, Officers and Employees	Others
			(In Thousands)			
Common Shares	33,000,000	24,470,708	–	16,146,182	49,071	None
Preferred Shares	8,000,000	8,000,000	–	8,000,000	–	None

SCHEDULE I**FILINVEST LAND, INC.****SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2020**

(Amounts in Thousands of Pesos)

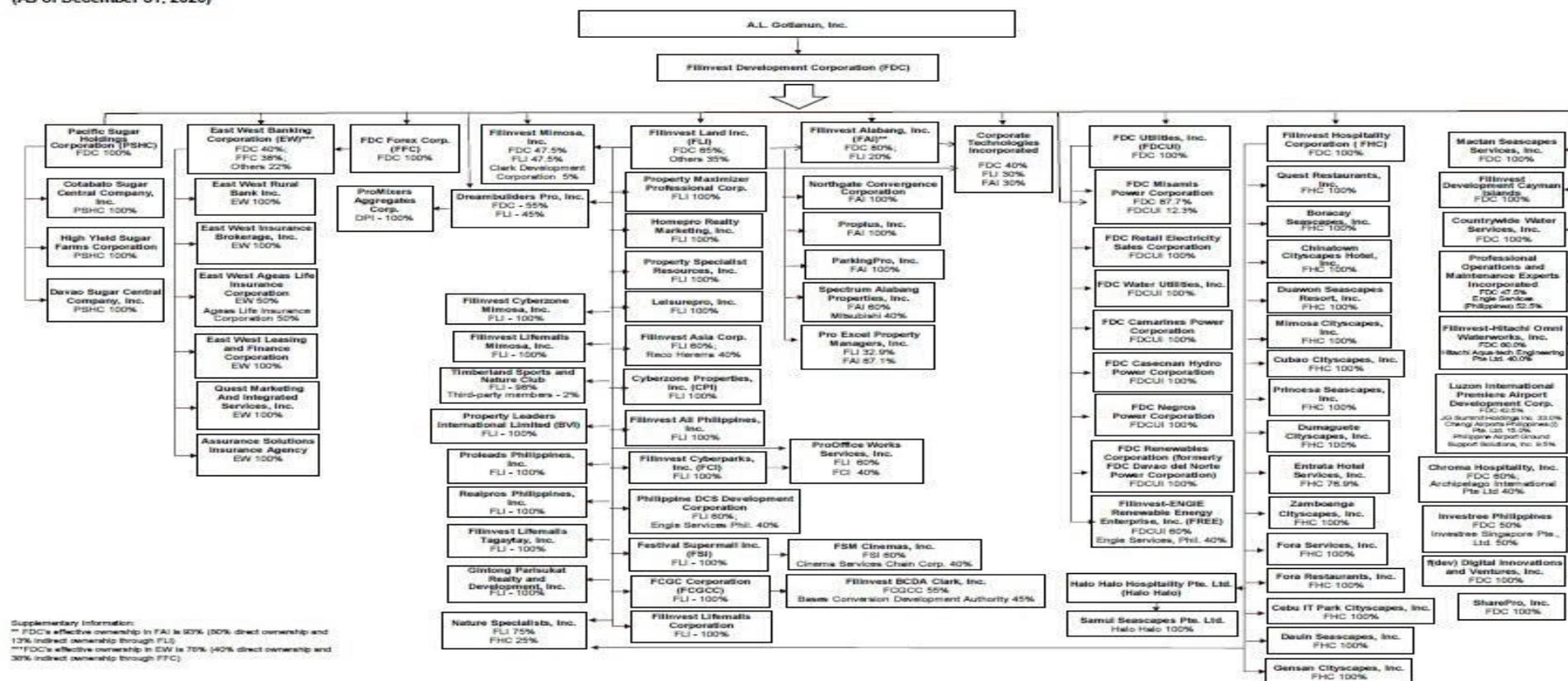
Unappropriated Retained Earnings of Parent Company, beginning		₱31,084,739
Adjustments:		
Impact of adoption of new accounting standards		–
Deferred tax assets recognized in prior year		(1,325,906)
Unappropriated Retained Earnings of Parent Company, as adjusted, January 1, 2020		29,758,833
Net income based on the face of audited financial statements of Parent Company	9,155,336	
Less: Non-actual/unrealized income net of tax		
Equity in net income of subsidiaries and an associate	–	
Unrealized foreign exchange gain – net	–	
Unrealized actuarial gain	–	
Fair value adjustment (marked-to-market gains)	–	
Fair value adjustment of Investment Property resulting to gain	–	
Adjustment due to deviation from PFRS/GAAP gain	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	–	
Movement in deferred tax assets of the Parent Company	(474,873)	
Add: Non-actual/unrealized losses net of tax		
Depreciation on revaluation increment	–	
Adjustment due to deviation from PFRS/GAAP loss	–	
Loss on fair value adjustment of Investment Property	–	
Net income actual/realized		8,680,463
Less: Dividend declarations during the year		(1,618,904)
Appropriations for business expansion		(5,000,000)
Unappropriated Retained Earnings, as adjusted, December 31, 2020		₱31,820,393

FILINVEST LAND, INC. AND SUBSIDIARIES

MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT COMPANY AND CO-SUBSIDIARIES

DECEMBER 31, 2020

A.L. GOTIANUN, INC.
MAP SHOWING THE RELATIONSHIP BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT, CO-SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES
(As of December 31, 2020)



Supplementary Information:
 ** FDC's effective ownership in FAI is 80% (50% direct ownership and 13% indirect ownership through FLI)
 *** FDC's effective ownership in EW is 70% (40% direct ownership and 30% indirect ownership through FFC)

Ratio	Formula	2020	2019
Solvency Ratio	Net Income before Depreciation (<i>net income plus depreciation</i>) divided by Total Liabilities	0.05	0.08
	Net Income	₱3,957,750	
	Add: Depreciation	1,594,368	
	Net Income before Depreciation	5,552,117	
	Divide by: Total Liabilities	106,626,203	
	Solvency Ratio	0.05	
Interest Coverage Ratio	Earnings before Interest and Other Charges and Income Tax (EBIT) divided by Interest Expense	2.37	4.32
	EBIT	₱7,567,601	
	Divide by: Interest Expense	3,189,462	
	Interest Coverage Ratio	2.37	
Net Profit Margin	Net Income divided by Revenue	0.24	0.27
	Net Income	₱3,957,750	
	Divide by: Revenue	16,223,341	
	Net Profit Margin	0.24	
Return on Equity	Net Income divided by Total Equity	0.05	0.09
	Net Income	₱3,957,750	
	Divide by: Total Equity	74,378,943	
	Return on Equity	0.05	
Asset-to-Equity Ratio	Total Assets divided by Total Equity	2.43	2.41
	Total Assets	₱181,005,146	
	Divide by: Total Equity	74,378,943	
	Return on Equity	2.43	

(1) In computing for the Group's current ratio, current assets include cash and cash equivalents, contracts receivables, contract assets, other receivables, real estate inventories and other current assets and current liabilities include accounts payable and accrued expenses, due to related parties, income tax payable and current portion of loans payable. Determination of current accounts is based on their maturity profile of relevant assets and liabilities.

(2) Closing price at December 31, 2020 and December 31, 2019 is ₱1.12 and ₱1.50, respectively.