CR02879-2021

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

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

1. For the fiscal year ended
   Dec 31, 2020
2. SEC Identification Number
   AS094-006430
3. BIR Tax Identification No.
   003-942-108
4. Exact name of issuer as specified in its charter
   EMPIRE EAST LAND HOLDINGS, INC.
5. Province, country or other jurisdiction of incorporation or organization
   Metro Manila
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   12th Floor, Alliance Global Tower 36th Street cor. 11th Avenue Uptown Bonifacio, Taguig City
   Postal Code
   1634
8. Issuer's telephone number, including area code
   (632) 85544800
9. Former name or former address, and former fiscal year, if changed since last report
   N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	14,676,199,167

11. Are any or all of registrant's securities listed on a Stock Exchange?
    ☑ Yes ☐ No
    If yes, state the name of such stock exchange and the classes of securities listed therein:
    Philippine Stock Exhange - Common Shares
12. Check whether the issuer:

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

☑ Yes ☐ No

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

☑ Yes ☐ No

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form

As of 31 March 2021 is Php679,027,998.88 based on the closing price of Php0.28 per share.

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

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

☐ Yes ☑ No

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) Any annual report to security holders

N/A

(b) Any information statement filed pursuant to SRC Rule 20

N/A

(c) Any prospectus filed pursuant to SRC Rule 8.1

N/A

Empire East Land Holdings, Inc.
ELI

PSE Disclosure Form 17-1 - Annual Report
References: SRC Rule 17 and
Section 17.2 and 17.8 of the Revised Disclosure Rules

For the fiscal year ended	Dec 31, 2020
Currency	Pesos

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2020	Dec 31, 2019
Current Assets	40,513,752,019	39,673,863,735
Total Assets	45,407,006,729	44,842,066,190
Current Liabilities	13,531,102,626	12,966,482,953
Total Liabilities	16,386,056,078	16,238,341,134
Retained Earnings/(Deficit)	7,023,040,535	6,491,607,310
Stockholders' Equity	29,020,950,651	28,603,725,056
Stockholders' Equity - Parent	26,215,319,668	25,791,391,795
Book Value Per Share	1.79	1.76

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2020	Dec 31, 2019
Gross Revenue	4,769,808,513	4,846,012,321
Gross Expense	3,986,521,629	3,881,788,275
Non-Operating Income	340,546,947	295,402,422
Non-Operating Expense	344,927,157	337,402,416
Income/(Loss) Before Tax	778,906,674	922,224,052
Income Tax Expense	253,964,347	306,660,741
Net Income/(Loss) After Tax	524,942,327	615,563,311
Net Income/(Loss) Attributable to Parent Equity Holder	531,433,225	622,021,871

Earnings/(Loss) Per Share (Basic)	0.03	0.04
Earnings/(Loss) Per Share (Diluted)	0.03	0.04

Financial Ratios

	Formula	Fiscal Year Ended	Previous Fiscal Year
		Dec 31, 2020	Dec 31, 2019
Liquidity Analysis Ratios:			
; ; Current Ratio or Working Capital Ratio	**Current Assets / Current Liabilities**	2.99	3.06
; ; Quick Ratio	**(Current Assets - Inventory - Prepayments) / Current Liabilities**	0.71	0.62
; ; Solvency Ratio	**Total Assets / Total Liabilities**	2.77	2.76
Financial Leverage Ratios			
; ; Debt Ratio	**Total Debt/Total Assets**	0.36	0.36
; ; Debt-to-Equity Ratio	**Total Debt/Total Stockholders' Equity**	0.56	0.57
; ; Interest Coverage	**Earnings Before Interest and Taxes (EBIT) / Interest Charges**	3.07	3.12
; ; Asset to Equity Ratio	**Total Assets / Total Stockholders' Equity**	1.56	1.57
Profitability Ratios			
; ; Gross Profit Margin	**Sales - Cost of Goods Sold or Cost of Service / Sales**	0.4	0.44
; ; Net Profit Margin	**Net Profit / Sales**	0.12	0.16
; ; Return on Assets	**Net Income / Total Assets**	0.01	0.01
; ; Return on Equity	**Net Income / Total Stockholders' Equity**	0.02	0.02
Price/Earnings Ratio	**Price Per Share / Earnings Per Common Share**	8.56	10.15

Other Relevant Information
NONE

Filed on behalf by:

Name	Dennis Edano
Designation	Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION
<u>SEC FORM 17-A</u>
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2. SEC Identification Number: **AS094-006430**

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   Industry Classification Code

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   36th Street cor. 11th Avenue
   Uptown Bonifacio, Taguig City 1634
   Address of principal office

8. **(632) 85544800**
   Issuer's telephone number, including area code

9. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding
Common	**14,676,199,167**

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

    Yes [x] No [ ]

    Philippine Stock Exchange **Common Shares**

11. Check whether the issuer:

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

    Yes [x] No [ ]

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

    Yes [x] No [ ]

12. Aggregate Market Value of Voting Stock held by Non-Affiliates as of **31 March 2021** is **Php679,027,998.88** based on the closing price of **Php0.28** per share.

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Business Development

Empire East Land Holdings, Inc. (the "Company") was incorporated under Philippine law on 15 July 1994. Prior to its incorporation, the Company was a division of Megaworld Corporation (formerly, Megaworld Properties & Holdings, Inc.) and was then known as its Community Housing Division. In 1994, Megaworld Corporation decided to spin off its Community Housing Division into what is now the Company for the purpose of separating its high-end residential and office business from its lower and middle-income housing business. As of 31 December 2020, Megaworld holds 81.7% of the Company.

As of 31 December 2020, the Company holds 100% equity interest in Eastwood Property Holdings, Inc. (EPHI); Valle Verde Properties, Inc. ("VVPI"); Sherman Oak Holdings, Inc. ("SOHI") Empire East Communities, Inc. ("EECI") and 20th Century Nylon Shirt Co., Inc. (20th Century); 72.5% in Laguna BelAir Science School, Inc. (LBASSI); 60% in Sonoma Premier Land, Inc. ("SPLI") (formerly, "Galleria Corsini Holdings, Inc."); and 47% in Gilmore Property Marketing Associates, Inc. ("GPMAI") and 40% in Pacific Coast Megacity Inc. (PCMI).

EPHI, which was incorporated on 05 September 1996, serves as the marketing arm of the Company and markets the projects of the Company and those of other related parties.

VVPI was incorporated on 13 October 2006. In 2008, the Company acquired shares of VVPI from another stockholder increasing the Company's ownership in VVPI to 100%.

SPLI was incorporated on 26 February 2007 and started its commercial operations in 2008. In 2008, 200 million shares in SPLI were acquired by the Company, increasing its ownership to 60% from 20%.

EECI was incorporated on 14 October 2008 and is wholly owned by the Company. It acts as a marketing arm of the Company.

SOHI was incorporated on 02 February 2007. In January 2008, the Company acquired 100% ownership in SOHI.

GPMAI was incorporated on 05 September 1996 to acquire, lease, and construct or dispose of properties. In 2010, the Company acquired 52% ownership in GPMAI by subscribing to 27M shares by way of conversion of advances into equity. In 2012, GPMAI issued 5M shares of stock to a third party which resulted in the decrease of the Company's ownership to 47%.

LBASSI (formerly Laguna Bel Air School Inc. or LBASI) is a company incorporated on 13 February 1996 and is presently operating a school for primary and secondary education. The change in name was approved in August 2013. The Company owns 72.5% of LBASSI.

20th Century was incorporated in 1952. On January 24, 2003, the SEC approved the extension of the Company's life for another 50 years from the date of renewal. In February 2015, the company acquired 100% ownership interest in 20th Century,

PCMI was incorporated in 2012. In 2015 the Company acquired 20% ownership interest. Subsequently in 2018, the Company obtained de facto control over PCMI. In 2019, it acquired an additional 20% increase in its ownership interest to 40%.

Neither the Company nor its subsidiaries (collectively the "Group") has been the subject of a bankruptcy, receivership, or similar proceeding or has been involved in any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business except as otherwise stated herein.

Business of Issuer and Subsidiaries

Principal Products, Services, and Markets

Empire East Land Holdings, Inc. is a property development company specializing in residential projects that include mid-to-high-rise condominiums and single-detached houses and lots, catering to the upscale, upper-middle, and broad middle-income housing markets. The Company's stronghold as one of the country's leading developers of mid-cost residential properties remains as it continues to offer innovative lifestyle concepts that appeal to Filipino homebuyers and investors. It has established a remarkable presence in key cities of Metro Manila, including Makati, Mandaluyong, San Juan, Pasig, Quezon City, and the City of Manila, as well as in progressive areas in the South and the East of the National Capital Region, particularly Santa Rosa, Laguna, and Cainta, Rizal.

Home to over 120,000 residents, Empire East's communities have showcased development concepts that have become trends in the real estate sector in the past two decades and a half. The "township model" it introduced in its flagship project, Laguna Bel-Air, has spearheaded the integration of "live, work and play" elements as it featured not only houses, but also retail shops, a school, a parish church, and clubhouse amenities, all in one community. The same township model is currently upheld in the Company's latest community, the Empire East Highland City in Pasig-Cainta, where high-rise condominium towers will be built together with a shopping mall, an expansive park with a church, and an exclusive sports club.

Amidst the perilous 1997 Asian financial meltdown, the Company continued to triumph by transforming to become an innovative developer. Remarkable marketing strategies and lifestyle concepts were introduced during this challenging period, such as the "Micro-City" cluster-type condominiums, the "no down payment and zero interest" schemes, and the loft-type units, that paved the way for other industry players to follow the trend up to this present time.

Today, the Company has solidified its lead in building Transit-Oriented Developments (TOD) and Urban Resort Communities, that capture a fair share of the end-users' market as well as overseas Filipinos. The investors' market has exponentially grown in the past years, both among locals and foreigners, as residential developments of the Company are not only within close proximity to Central Business Districts (CBD) but also to mass transport systems and upcoming infrastructure projects under the national government's aggressive infrastructure-building agenda, further strengthening the leasing and resale potential of these properties.

Contribution to Sales and Revenues

In 2020, the income from sales of various condominium units and house-and-lot packages accounted for 83% of consolidated total revenues. Finance income, the bulk of which came from in-house financing of units sold to buyers and advances from related parties, accounted for 7% of consolidated total revenues. The commission income of a subsidiary of the Company realized from the marketing of real properties of related parties, rentals, and other business-related sources accounted for the remaining 10% of consolidated total revenues. Foreign sales contributed minimally to the Group's consolidated sales and revenues for the year 2020.

The percentage of contribution to revenues of the above products and services differs from their percentage of contribution to net income since certain revenues do not have corresponding expenses and some expenses are not identifiable with projects.

Distribution Methods

The Company's inventory of pre-selling and ready-for-occupancy residential properties is being marketed primarily by its in-house sales teams, composed of Sales Directors, Sales Officers, and registered Real Estate Salespersons. Other in-house sales teams were also formed, including Empire East Communities (EEC), Property Advisors (PA), and Empire East Networks (EEN), that function the same role of disposing of the Company's inventories. EEN is made of local sales teams based in regional offices such as Baguio City for Northern Luzon, Pampanga for Central Luzon, and Batangas for Southern Luzon. Licensed Real

Estate Brokers and other external sales partners are also being accredited to sell the Company's residential properties.

The Company operates showrooms and exhibit booths in several shopping malls, commercial centers, and on the site of select projects, which are manned by the in-house sales teams. With the onset of the global pandemic brought about by COVID-19, and with quarantine restrictions still in place, limited salesforce manpower is assigned in these showrooms and exhibit booths. Leafleting activities are not conducted in the meantime to avoid physical contact, and health protocols such as social distancing, wearing of facemasks and face shields, and frequent sanitizing, are strictly observed during client appointments and presentations.

For the safety of its salespeople and their clients, the Company implemented a remote work set-up where sellers can focus on their online selling activities, maximizing the utilization of social media and other digital platforms. Digital materials such as e-fliers, online presentations, and virtual condo tours and apps, were provided by the Company. Skills training, meetings, and other company activities intended for the salesforce have been conducted virtually up to the present. Homebuyers can also now experience a fully digitized property purchase process where they can fill up forms, submit documents, and settle their payments online.

In replacement of outdoor billboards and ad placements in broadsheets and magazines, the Company heavily diverted its advertising efforts in online platforms. It manages a company website, individual project websites, Facebook pages, Instagram and Twitter accounts, and a YouTube channel, where advertisements and other digital marketing content are posted and boosted to capture its target markets online. Empire East is gearing up and intensifying its efforts to become the most digitally transformed real estate developer in the industry.

Update on Projects

Empire East Highland City is the Company's largest development in scale to date. Strategically set on a 22.8-hectare land along Felix Avenue in the boundary of Pasig City and Cainta, Rizal, it is equidistant to two major thoroughfares that connect Metro Manila to the East—Marcos Highway and Ortigas Avenue Extension. The township boasts of its close proximity to the upcoming LRT-2 East Extension Emerald Station and MRT-4 Cainta Junction Station, which will also connect to the much anticipated Metro Manila Subway.

This "luxurious uphill community" shall be built on stilts, following its "elevated city" concept. In its frontage along Felix Avenue, a sprawling and elevated green park will soon become a leisure destination. It will be filled with landscaped greeneries, water features, spacious walkways, a 500-seater church, retail shops, and a grand Spanish steps leading to a luxurious shopping mall. The 8,000-square meter Highland Park and the 58,000-square meter Highland Mall are now in full swing construction.

The 37-tower Highland Residences will reshape the skyline of the East. In the middle of this high-rise condominium complex is an exclusive five-star sports club called The Chartered Club, where only residents who will avail its membership can access its world-class recreational amenities and facilities. Towers 1 and 2 of the first residential phase, Arcadia, are under pre-selling stage, featuring executive studios, 1-bedroom up to 2-bedroom suites, ranging from 21.38 sqm to 46.50 sqm.

The Paddington Place is a 4-tower Transit-Oriented Development along Shaw Boulevard in Mandaluyong City, walkable from the MRT-3 Shaw Boulevard Station in EDSA and the Ortigas Central Business District. It will feature a two-level community mall called "The Pad" which will be operated by the renowned luxury mall brand, Megaworld Lifestyle Malls. Rising up to 45 levels, each tower offers space-efficient residential units ranging from executive studios, 1-bedroom, 2-bedroom, and penthouse suites, with floor areas of 21.32 sqm up to 95.46 sqm. Aside from first-time homebuyers and clients searching for secondary transient homes, investors have been attracted to purchase units in this development due to the location's strong rental potential. Towers 1 and 2 have few units left, while there are more available options for Tower 3. The construction of Tower 1 has just started.

Mango Tree Residences will rise in a 3,000-square meter elevated terrain along M. Paterno corner J. Ledesma Streets in a quiet yet highly accessible neighborhood in the heart of San Juan City. Future residents can easily drive to N. Domingo Street leading to Manila and Quezon City, giving easy access to the newly completed Metro Skyway Stage 3 Extension that will bring motorists closer to NLEX, SLEX, and NAIA. On the other side of M. Paterno Street is Santolan Road, where a future station of the proposed MRT Line 4 will open. Santolan Road also connects to Greenhills, Ortigas Avenue, and EDSA, letting future residents of Mango Tree Residences reach Ortigas CBD and other key locations in a breeze.

This on-stilts green development features decades-old natural mango trees around its perimeter and an expansive elevated landscaped garden. Hotel-type lobbies shall welcome residents and visitors. Recreational amenities such as a swimming pool, fitness gym, yoga station, function room, and alfresco lounge can be enjoyed at the ground level. The project boasts of a low dense masterplan, with only 9 to 12 suites per floor at typical levels, and only 6 units at the penthouse level. An array of spacious units ranging from 1-bedroom, 2-bedroom up to penthouse suites can be reserved by homebuyers, with some units at the 7th level coming with patios. The 38-level West Residences and 34-level East Residences are in the initial stage of construction.

Covent Garden is a two-tower Transit-Oriented Development in Santa Mesa, Manila, set along Santol Street Extension right next to the major thoroughfare of Magsaysay Boulevard. It is a short walk away from the LRT Line 2 V. Mapa Station and has close proximity to an entry and exit of the Metro Skyway Stage 3 Extension. The project's juxtaposed structural development intelligently maximizes the 0.5-hectare property, providing adequate open space and recreation area for the future residents. Its offerings of executive studios, 1-to-2-bedroom suites, and bi-level units, have been selling at a fast pace, with only a few units left. South Residences is expected to be turned over to buyers in 2021.

Kasara Urban Resort Residences is a high-rise resort-style community set on a 1.8-hectare property between Eagle Street and P. E. Antonio Street in Ugong, Pasig City, few steps away from C-5 Road. Its six towers are nestled amidst a wide array of five-star resort amenities and facilities including a lake-inspired swimming pool, kidding pool, waterfalls, bubblers, koi pond, multi-purpose open court, landscaped gardens, outdoor play area, fitness gym, jogging trails, and a clubhouse with a function hall and bar area. Homebuyers can choose among executive studios, 1-to-2-bedroom suites, and bi-level penthouse, with some units having their own patios or balconies. Floor areas are ranging from 22.20 sqm up to 144 sqm. Towers 1 and 2 are now ready-for-occupancy while the construction of Towers 3 to 6 is ongoing. The project is nearly sold out.

The Rochester is a 7-tower urban resort community rising in a 3-hectare property along Elisco Road in San Joaquin, Pasig City, just more than a kilometer away from the C-5 Road and Kalayaan Avenue intersection near the Bonifacio Global City. Residents in its first six mid-rise towers with 6 to 16 levels are now enjoying resort-type amenities and facilities such as the clubhouse with lounge and bar, 25-meter lap pool, kiddie pool, multi-purpose open court, children's playground, fitness gym, and pocket gardens. Garden Villa 1, Garden Villa 2, Breeze Tower, Parklane Tower, Palmridge Tower, and Hillcrest Tower are now ready-for-occupancy and sold out. The final tower, Bridgeview, is in full-swing construction and with few units left unsold.

Pioneer Woodlands is physically connected to MRT-3 Boni Avenue Station, making it one of the most highly coveted TOD addresses in Metro Manila. Its strategic location along EDSA corner Pioneer Street in Mandaluyong City gives its residents close proximity to three major CBDs—Makati, Ortigas, and Bonifacio Global City. Residential offerings range from executive studio, 1-bedroom up to 2-bedroom suite, with select units having their own patio or balcony. Towers 1 to 4 have been sold out and are now ready-for-occupancy. Towers 5 is expected to be completed this 2021 while Tower 6 is in full-swing construction.

Little Baguio Terraces is a gated condominium community along N. Domingo Street and Aurora Boulevard in San Juan City. Its four ready-for-occupancy residential towers rise from 15 up to 24 levels, offering a typical 30 sqm 2-bedroom unit, which is now completely sold out. Tower 1 provided options for combined units, making a 60 sqm 3-bedroom unit. Residents enjoy recreational amenities at the podium level and close proximity to two LRT Line 2 stations—Gilmore and J. Ruiz.

San Lorenzo Place is a high-rise development in the premier financial district of Makati City, located along EDSA corner Chino Roces Avenue and is directly linked to MRT-3 Magallanes Station. It has a two-level shopping mall that provides the basic daily necessities for its residents. There is also a pick-up and drop-off area for point-to-point buses offering various routes. Recreational amenities that can be found at the 6th level include a clubhouse, swimming pool, multi-purpose open court, children's playground, pocket gardens, jogging paths, fitness gym, function room, and daycare center. Offered units ranged from 1-bedroom up to 3-bedroom combined units. All 4 towers were completed and sold out.

The Cambridge Village is a large-scale micro-city condominium development along East Bank Road in the Pasig-Cainta area where commercial establishments, a nursery, a parish church, and a recreational zone are incorporated within the 8-hectare community. The mid-rise residential towers, which are from 6 to 10 levels, feature studio units, loft-type units, and 2-bedroom units. All 37 towers have been completed and are now nearly sold out.

The Sonoma in Santa Rosa City, Laguna, is a 50-hectare horizontal development with four phases namely, Enclave, Country Club, Pavilion, and Esplanade. It features single-detached Asian Modern homes, centered with an amenity zone where residents can enjoy amenities such as a clubhouse, function halls, swimming pools, and basketball court. At the frontage of the subdivision is a commercial strip called 1433 West Row. The land development of four phases had been completed with few remaining unsold lots.

South Science Park is a 58.4-hectare mixed-use development in the Southern Luzon region, specifically located at Gimalas, Balayan, Batangas.

Competition

Like any other industry, the real estate sector has felt the impact of the COVID-19 pandemic. Residential sales in almost all major developers have recorded lower performance compared to pre-pandemic years, but this health crisis did not hinder the Company to continuously capture its share in the housing market. Aggressive online marketing coupled with enticing promo discounts and flexible payment terms has brought the Company remarkable sales amidst these challenging times.

The Company has been able to sustain its lead in the middle-income market due to these key factors: strategic location, development concept, and payment terms.

Both seasoned and new developers have been eyeing on the East of Metro Manila to develop their residential projects due to upcoming infrastructure developments such as the LRT-2 East Extension, MRT Line 4, and Metro Manila Subway. Right along Felix Avenue at the convergence of Pasig City and Cainta, Rizal where Empire East Highland City is located, several developers have also begun selling and developing condominiums. These include Charm Residences by SMDC, Futura East by Filinvest, and East Bel-Air Residences by Sta. Lucia Land. In terms of development concept, Empire East Highland City is the grandest and most luxurious having its own green park, high-end mall, and exclusive sports club, aside from being the only high-rise development in the area. But despite the luxury it offers, its price remains to be highly competitive and even more affordable compared to SMDC and Filinvest projects especially when promo discounts are applied.

In the nearby Ortigas Avenue Extension where the proposed MRT Line 4 will be built, several large-scale developments compete with Empire East Highland City. The 13.2-hectare Urban Deca Homes Ortigas by 8990 Holdings, Inc. has a lower price because it targets the low-cost market. Its high density of 64 units per floor, having inner units that seem cramped, and lack of open spaces between the 22 towers, are incomparable to the luxurious lifestyle quality that Empire East Highland City offers. Meanwhile, the 18-hectare Sierra Valley Gardens by Robinsons Land Corporation has a lot higher price of up to PHP 175,000 per square meter compared to Empire East Highland City's PHP 130,000 per square meter, considering that it will just have a typical shopping mall and basic recreational amenities.

Most projects in Mandaluyong City that The Paddington Place is competing with have also shopping malls or retail establishments. Along Shaw Boulevard, its direct competitors are The Olive Place by DataLand, Inc. and Amaia Skies Shaw by Ayala's low-end property arm, Amaia Land. The Olive Place's location is farther from EDSA and Ortigas CBD, so it couldn't command a higher price, while Amaia Skies Shaw's current price maybe a little high considering the lack of luxury feel in the development with a heavily dense floor plan of up to 40 units per level. Moreover, only The Paddington Place will have a full-scale two-level mall along Shaw Boulevard.

Other competitors of The Paddington Place are the projects along EDSA which also compete against Pioneer Woodlands, like the Avida Towers Centera and Avida Towers Verge by Avida Land, Twin Oaks Place and Zitan Tower by Greenfield Development Corporation, Grand Central Residences, and Pines Peak by Cityland, Fame Residences, Light Residences, and Light 2 Residences by SMDC, and Flair Towers by DMCI. The Paddington Place and Pioneer Woodlands have set competitive pricing for both pre-selling and ready-for-occupancy inventories and provide highly marketable payment terms.

Pasig City projects of the Company such as Kasara Urban Resort Residences and The Rochester have competitive advantages over other residential developments in the area in terms of development concept, pricing, and payment terms, both for pre-selling and RFO towers. They compete with pre-selling projects such as Sync Residences and Cirrus Residences by Robinsons Land, and Gem Residences by SMDC, which have set a lot higher prices for their condominium units, 35% up to 130% higher than the prices of Kasara Urban Resort Residences and The Rochester. DMCI projects such as Levina Place and Mirea Residences have lower prices simply because they are located in inner areas of Pasig City, far from C-5 Road.

Little Baguio Terraces and Mango Tree Residences in San Juan City are valued at very competitive pricing for RFO and pre-selling, respectively, coupled with flexible payment terms. They compete with One Castilla Place by DMCI, The Magnolia Residences and Chimes Greenhills by Robinsons Land, and One Wilson Square and Terrazas de Valencia by Federal Land. Aside from mid-to-high-rise condominiums, the competitors in this area are mostly townhouses due to the location's proximity to exclusive villages of Greenhills and New Manila.

Covent Garden's competitors in Santa Mesa, Manila, and along the stretch of LRT Line 2 are battling for both end-users' and investors' markets. High-rise condominiums in the vicinity have strong leasing potential for college students in the university belts of Manila and Quezon City. Data Land's Silk Residences, DMCI's Sorrel Residences and Illumina Residences, Filinvest Land's Maui Oasis, and SMDC's Mezza Residences II, all now offer shorter periods for zero-interest payment terms.

The Company will continuously build developments in strategic locations to sustain the marketability of its projects and innovate its development concepts and payment terms to remain competitive in the residential sector.

Sources and Availability of Raw Materials/Suppliers

The Company has a broad base of suppliers of materials and services and is not dependent on any one supplier.

Dependence on Certain Customers

The Company has a broad customer base and is not dependent on a single customer or few customers.

Transactions with and/or Dependence on Related Parties

In 2020, total commissions earned by a subsidiary from the sale of its Parent Company's real estate properties amounted to P90 million.

The Company, in the normal course of business, enters into transactions with related companies primarily consisting of lease of properties and advances for real estate transactions, working capital requirements, and other business-related purposes. Rental for leased properties and interest on interest-bearing advances are within market rates. The related parties that have entered into transactions with the Company are identified in Schedules C & F of the SEC Supplementary Schedules as of 31 December 2020. Related parties are able to settle their obligations in connection with transactions with the Company and the Company does not foresee risks or contingencies arising from these transactions. Additional information on related party transactions is provided in Item 25 of the Notes to the Audited Consolidated Financial Statements of the Group attached as Exhibit 1 hereof and incorporated herein by reference.

Other than those disclosed in the Group's Audited Consolidated Financial Statements, the Company has not entered into other related party transactions.

Patents, Trademarks, and Copyrights

The operations of the Group are not dependent on any copyright, patent, trademark, license, franchise, concession, or royalty agreement.

Need for Government Approval of Principal Products and Services//Effect of Existing or Probable Government Regulations

Philippine land-use laws regarding subdivisions and condominiums include zoning laws, which regulate land use, laws that specify standards and technical requirements for the development of subdivisions, and laws requiring licenses to be obtained before the sale of real estate property.

The municipal or city authority determines whether the plans of a proposed development comply with the applicable standards and conducts a preliminary inspection of the site. Local authorities are required to monitor the progress of subdivision projects and to inspect projects following their completion to determine whether or not they comply with the approved plans.

There are essentially two different types of residential subdivision developments, which are distinguished by different development standards issued by the Housing and Land Use Regulatory Board ("HLURB") (now, the Department of Human Settlements and Urban Development ["DHSUD"]). The first type of subdivision, aimed at low-cost housing, must comply with Batas Pambansa Blg. 220, which allows for a higher density of building and relaxes some of the construction standards. Other subdivisions must comply with Presidential Decree No. 957, which sets out standards for lower-density developments. Both types of subdivisions must comply with standards regarding the suitability of the site, road access, necessary community facilities, open spaces, water supply, sewage disposal system, electricity supply, lot sizes, length of the housing blocks, and house construction.

Under Presidential Decree No. 957, which covers subdivision projects for residential, commercial, industrial, or recreational purposes and condominium projects for residential or commercial purposes, HLURB, together with local government units, has jurisdiction to regulate the real estate trade and business. All subdivision plans are required to be filed with and approved by the local government unit concerned, while condominium project plans are required to be filed with and approved by HLURB. Approval of such plans is conditioned on, among other things, completion of the acquisition of the project site and the developer's financial, technical, and administrative capabilities. Alterations of approved plans that affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the relevant government unit. Development must comply with standards regarding the suitability of the site, road access, necessary community facilities, open spaces, water supply, sewage disposal system, electricity supply, lot sizes, and house construction.

Owners or dealers of real estate projects are required to obtain licenses to sell before making sales or other disposition of lots or real estate projects.

In general, developers of residential subdivisions are required to submit project descriptions to regional offices of the Department of Environment and Natural Resources ("DENR"). This description sets out the background of the proposed project and identifies any significant environmental risks and possible alternative sites. In environmentally critical projects or at the discretion of the regional office of the DENR, a detailed Environmental Impact Assessment may be required and the developer will be required to obtain an Environmental Compliance Certificate to certify that the project will not cause an unacceptable environmental impact.

The Company routinely applies for the required governmental approvals for its projects as provided above and some HLURB (now, DHSUD) approvals such as but not limited to development permits and licenses to sell are pending for certain projects or project phases.

Under Republic Act No. 11201, DHSUD was created through the consolidation of the Housing and Urban Development Coordinating Council and HLURB and assumed the planning and regulatory functions of the HLURB. On the other hand, HLURB was reconstituted as the Human Settlements Adjudication Commission, which assumed the adjudicatory function of HLURB and was attached to DHSUD for policy, planning, and program coordination.

The Group is not aware of any pending legislation or governmental regulation that is expected to materially affect its business.

Research and Development Costs

Expenses incurred for research are minimal and do not amount to a significant percentage of revenues.

On the other hand, construction and development costs incurred and their percentage to revenues are as follows:

Year	Amount Spent	% to Revenue (As restated)
2020	P2.69 billion	52.7%
2019	P4.51 billion	87.7%
2018	P3.62 billion	82.7%

Costs and Effects of Compliance with Environmental Laws

Expenses incurred by the Group for purposes of complying with environmental laws consist primarily of payments for government regulatory fees that are standard in the industry and are minimal.

Manpower

As of 31 December 2020, the Group employed a total of 672 employees. The Group will hire additional employees if or when the present workforce becomes inadequate to handle the growing operations of the Group. The Group has no collective bargaining agreements with its employees due to the absence of organized labor organizations in the Group. Aside from complying with the minimum compensation standards mandated by law, the Group makes available to qualified personnel supplemental benefits such as health insurance, retirement, housing plans, and car plans.

The table below shows the breakdown of employees by rank:

Description	As of 31 December 2020	Projected Hiring for 2021
Executives	18	0
Managers	61	2
Supervisors	161	8
Rank & File	432	50
Total	672	60

Business Risks

The real estate industry is highly dependent on the performance of the national economy as the growth of the industry has a direct correlation with the state of the national income and effective disposal income of the people. As disposable income increases, expenditures on housing will increase proportionately. Furthermore, a stable economy brings about liquidity in the financial system, thus increasing the sources of funding for housing.

The growth and profitability of the Group are influenced by the general political and economic situation. Any political instability in the future may have a material effect on the financial results of the Group.
An increase in interest rates and the unavailability of affordable financing options affect the demand for housing. The Company caters to the middle-income market, a market that primarily considers the affordability of monthly amortizations through long-term in-house or bank financing schemes.

The Company is engaged primarily in the development of land and construction of housing /condominium units. Its business is dependent on the availability of large tracts of land with potential for development. As major players and new ones continue to take advantage of the bullish condition of the real estate industry, prime properties may become less available to the Company.

Other risks related to property development are fluctuation in prices and availability of construction materials, changes in government regulations, increase in taxes and fees, and intense competition.

The Company remains vigilant to factors affecting its business, such as fluctuations in interest rates on borrowings and end-buyers' financing, increasing costs of construction materials, labor, and administrative expenses which may affect the overall demand for housing**.** Fluctuations in foreign exchange have no adverse effect since the Company has very minimal importations of construction-related materials and has no foreign currency-denominated loans.

The Company continuously monitors trends in the industry and regularly checks economic indicators. It constantly explores ways and means on how to be more cost-effective and implements reasonable price increases to maintain certain profit margins while keeping its products competitive. To maintain the marketability of its products, it provides quality projects in convenient locations, keeps the price affordable, offers a variety of flexible payment terms for in-house financing, and continues to maintain strong tie-up arrangements with various banks for the financing requirements of its buyers.

The Group remains prudent in managing its financial resources and has taken measures in controlling its available funds. Generally, the Group utilizes its internally generated funds for its operations and partly uses bank financing for purposes of acquiring properties with strong economic potential and meeting urgent development requirements. By identifying the risk areas and employing appropriate risk management tools, the Group believes that the related business risks could be managed properly.

Item 2. Properties

Description of Principal Properties

The principal properties of the Group are as follows:

Property	Location	Limitations on Ownership
Completed Projects:		
Little Baguio Gardens	San Juan, Metro Manila	Owned
Laguna BelAir 1 and 2	Don Jose, Sta. Rosa, Laguna	Joint Venture
Governors Place	Mandaluyong City	Joint Venture
Kingswood Tower	Makati City	Joint Venture
Gilmore Heights	Gilmore Ave. cor. N. Domingo Sts., Quezon City	Joint Venture
San Francisco Gardens	Mandaluyong City	Joint Venture

Greenhills Garden Square	Santolan Road, Quezon City	Owned
Central Business Park	Manggahan, Pasig City	Owned
Xavier Hills	Quezon City	Joint Venture
California Garden Square	D.M. Guevarra, Mandaluyong City	Owned
Laguna BelAir 3	Biñan, Laguna	Owned
Laguna BelAir 4	Sta. Rosa City	Owned
The Sonoma	Sta. Rosa City	Joint Venture
San Lorenzo Place	Makati City	Joint Venture
Little Baguio Terraces	San Juan, Metro Manila	Joint Venture
The Cambridge Village	Cainta, Rizal	Owned
On-Going Projects:		
Pioneer Woodlands	Mandaluyong City	Joint Venture
The Rochester	Pasig City	Owned
Kasara Urban Resort Residences	Eagle St., Pasig City	Owned
Mango Tree Residences	San Juan City	Owned
Covent Garden	Sta. Mesa Manila	Owned
The Paddington Place	Mandaluyong City	Owned
Southpoint Science Park	Gimalas Balayan Batangas	Owned

Most projects are for sale except for Central Business Park (CBP), an office-warehouse complex, and San Lorenzo Place Mall (SLPM), which is composed of commercial units for lease. CBP has a leasable area of 9,870 square meters with a lease rate of P775 per square meter. SLPM has 6,588.25 square meters with a lease rate ranging from P300 to P2,100 per square meter. Both have a lease term of up to 10 years.

There is no mortgage, lien, or encumbrance over the properties of the Company. The limitations on ownership and usage are disclosed in the table above and in the Notes of the Group's Audited Consolidated Financial Statements.

The Company cannot identify the particular properties it intends to acquire in the next twelve (12) months as the opportunities, offers or prospects may come unexpectedly. It aims to continuously acquire properties in strategic/prime locations with good market potential. It may acquire interest on the land through either outright acquisition or joint venture arrangement with landowners. Depending on the value of the property, it may utilize its internal funds to finance the acquisition; it may partially borrow or raise funds through equity financing.

Item 3. Legal Proceedings

Description of Material Pending Legal Proceedings

There is no material pending legal proceedings to which the Company or any of its subsidiaries and affiliates is a party or of which any of their property is the subject of.

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

No matter was submitted during the fourth quarter of 2020 to a vote of security holders.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information

The Company's common shares are traded on the Philippine Stock Exchange ("PSE"). The following table sets out, for the periods indicated, the high and low sales price for the Company's common shares as reported on the PSE:

Year		First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2019	High	0.60	0.54	0.49	0.56
	Low	0.48	0.46	0.44	0.41
2020	High	0.43	0.32	0.35	0.35
	Low	0.20	0.24	0.24	0.26
2021	High	0.35			
	Low	0.27			
3/31/21	Close	0.28			

Holders

As of 31 March 2021, there were 12,385 holders of the Company's common shares. The following table sets forth the twenty largest shareholders of the Company as of 31 March 2021.

Rank	Name of Holder	Number of Shares	Percentage of Ownership
1.	Megaworld Corporation	11,994,426,438	81.7271%
2.	PCD Nominee Corporation (Filipino)	1,962,273,390	13.3704%
3.	PCD Nominee Corporation (Non-Filipino)	255,177,820	1.7387%
4.	The Andresons Group, Inc.	149,692,820	1.0200%
5,	Alliance Global Group, Inc.	56,000,000	0.3816%
6.	Andrew L. Tan	24,277,777	0.1654%
7.	Simon Lee Sui Hee	16,685,206	0.1137%
8.	Ramon Uy Ong	14,950,000	0.1019%
9.	Lucio W. Yan	10,350,000	0.0705%
10.	Alberto Mendoza and/or Jeanie C. Mendoza	4,444,106	0.0303%
11.	Evangeline R. Abdullah	4,324,000	0.0295%
12.	George T. Yang	3,675,400	0.0250%
13.	Zheng Chang Hua	3,220,000	0.0219%
14.	Tiong C. Rosario	3,138,791	0.0214%
15.	Maximino S. Uy &/or Lim Hue Hua	3,105,000	0.0212%
16.	Trans-Asia Securities, Inc.	3,000,000	0.0204%
17.	Luisa Co Li	2,902,908	0.0198%
18.	Edward N. Cheok	2,875,000	0.0196%
19.	Aboitiz Equity Ventures, Inc.	2,813,843	0.0192%
20.	Maximino S. Uy	2,357,500	0.0161%

The information provided above is not being presented in connection with securities to be issued pursuant to an acquisition, business combination, or other reorganization initiated by or involving the Company.

Dividends

The payment of dividends, either in the form of cash or stock, will depend upon the Company's earnings, cash flow, and financial condition, among other factors. The Company may declare dividends only out of its unrestricted retained earnings. These represent the net accumulated earnings of the Company, with its capital unimpaired, that is not appropriated for any other purpose.

The Company may pay dividends in cash, by the distribution of property, or by the issue of shares of stock. Dividends paid in cash are subject to approval by the Board of Directors. Dividends paid in the form of additional shares are subject to approval by both the Board of Directors and at least two-thirds (2/3) of the outstanding capital stock of the shareholders at a shareholders' meeting called for such purpose.

No stock dividends were declared on the Company's common shares for 2007 to 2021. The Company declared a 15% stock dividend on 15 March 2006, which was paid on 08 August 2006 to all shares of common stock outstanding as of 13 July 2006.

The Corporation Code prohibits stock corporations from retaining surplus profits in excess of one hundred percent (100%) of their paid-in capital stock, except when justified by definite corporate expansion projects or programs approved by the Board of Directors, or when the corporation is prohibited under any loan agreement with any financial institution or creditor from declaring dividends without its consent, and such consent has not yet been secured, or when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation.

Recent Sales of Unregistered or Exempt Securities

On 26 June 2013, One Billion Two Hundred Million (1,200,000,000) common shares of the capital stock of the Company were issued to Megaworld Corporation, at the price of One Peso & 05/100 (Php1.05) centavos per share for an aggregate subscription price of One Billion Two Hundred Sixty Million Pesos (Php1,260,000,000.00).

Relative to the subscription of Megaworld Corporation, the Company filed on 05 July 2013 with the Philippine Securities and Exchange Commission ("SEC") a Notice of Exempt Transaction under Section 10.1(e) of the Securities Regulation Code.

Item 6. Management's Discussion and Analysis of Financial Condition and Results of Operations

For 2020, the following are top key performance indicators of the Group:

		2020	2019
Sales		P4.3 Billion	P3.9 Billion
Net Profit		P524.9 Million	P615.5 Million
Current Ratio	*1	2.99:1	3.06:1
Quick Ratio	*2	0.71:1	0.62:1

**1- Current Assets/Current Liabilities*

**2- Cash and cash equivalents + Trade and other receivables/ Total Current Liabilities*

1) **Real Estate Sales**

The Group's marketing and development concepts, sales strategies, project location, and flexible payment scheme remain to be its competitive advantages. Most projects of the Group are connected to the mass transit system and are conveniently located in business districts of Metro Manila.

2) Prudent Cash Management

The Group implemented cost-saving measures, negotiated for longer payment terms from suppliers, and obtained lower-cost funding through bank financing to support operations to maintain management's cash preservation objective.

3) Ability to repay loan obligations

The loan obligations were promptly settled. The Group maintains a good credit standing with creditor banks and has considerable standby credit facilities, which can be utilized for urgent capital requirements.

4) Continuous Customer Collections

The Group implemented collection efficiency initiatives and launched an online digital payment platform to enable continuous customer payments despite quarantine restrictions.

RESULTS OF OPERATIONS

(Based on Financial Statements adopted in accordance with the Philippine Financial Reporting Standards)

Review of 31 December 2020 versus 31 December 2019

During the twelve-month period for the year 2020, the consolidated net profit amounted to P524.9 million, with a 14.7% decrease from the previous year's net profit of P615.5 million. Consolidated total revenues, composed of real estate sales, finance income, commissions, and other revenues amounted to P5.1 billion for the years ending 31 December 2020 and 2019.

Real Estate Sales

The Group registered Real Estate Sales of P4.3 billion for the year ended 31 December 2020 compared with P3.9 billion for the year ended 31 December 2019. The sales generated were derived from various projects including Kasara Urban Resort Residences, Pioneer Woodlands, The Rochester, San Lorenzo Place, Covent Garden, The Cambridge Village, Little Baguio Terraces, Laguna Bel Air projects, California Garden Square, and Mango Tree Residences.

The Cost of Real Estate Sales for the year ended 31 December 2020 and 2019 amount to P2.5 billion and P2.2 billion or 59.5% and 55.8% of Real Estate Sales respectively. The change was primarily due to the different composition of products sold for each year.

Gross Profit for the year ended 31 December 2020 and 2019 amounts to P1.7 billion or 40.5% and 44.3% of Real Estate Sales respectively. The gross profit margin varies depending on the product mix and the competitiveness of the prices of each product.

Other Revenues

The Finance Income for the year ended 31 December 2020 and 2019 amount to P340.5 million and P295.4 million or 6.7% and 5.7% of consolidated total revenue respectively. They were derived mostly from in-house financing and various advances from related parties.

Additional sources of revenue were commissions of a subsidiary, rentals of investment properties and those obtained from other sources. Commission and other income for the year ended 31 December 2020 and 2019 resulting to P507.7 million and P913.5 million or 9.9% and 17.8% of consolidated total revenues respectively.

Operating Expenses

Operating Expenses for the year ended 31 December 2020 and 2019 amount to P1.4 billion and P1.7 billion, respectively. Other charges/expenses include the Finance Cost of P338.3 million and P333.6 million for the year ended 31 December 2020 and 2019, respectively.

FINANCIAL CONDITION

Review of 31 December 2020 versus 31 December 2019

Total Assets of the Group as of 31 December 2020 and 2019 amount to P45.4 billion and P44.8 billion respectively. Cash and Cash Equivalents as of 31 December increased from P1.1 billion in 2019 to P2.1 billion in 2020. The Group remains liquid with Total Current Assets of P40.5 billion in 2020 and P39.7 billion in 2019, which accounts for 89.2% and 88.5% of the Total Assets as of 31 December 2020 and 2019 respectively. While Total Current Liabilities as of 31 December 2020 and 2019 amounts to P13.5 billion and P12.9 billion respectively.

Total Equity of the Group as of 31 December increased from P28.6 billion in 2019 to P29.0 billion in 2020 due to the Group's Net Income for the 12-month period, and revaluation of equity investments held by a subsidiary.

For the year ending 31 December 2020 and 2019, the Group sourced its major cash requirements from internally generated funds and partly from borrowings.

The Group utilized its funds for construction and development of projects, loan repayments, settlement of various payables, and other operating expenses.

Material Changes in the 2020 Financial Statements
(Increase or decrease of 5% or more versus 31 December 2019)

Statements of Financial Position

- 85.9% increase in Cash and cash equivalents
  Mainly due to prudent cash management and availment of short-term loan

- 10.5% increase in Trade and other receivables - net
  Mainly due to down payments made to suppliers and contractors and recognition of sales from completed projects

- 22.4% increase in Contract Assets
  Mainly due to the completion of certain projects

- 7.4% increase in Advances to related parties
  Primarily due to interest in advances

- 7.2% decrease in Real estate inventories
  Re-adjustment in construction pace due to pandemic-related government restrictions

- 9.1% decrease in Financial assets at fair value through other comprehensive income
  Mainly due to a decrease in the fair market value of the investment in securities held by a subsidiary

- 33.7% decrease in Property and equipment – net
  Primarily due to pretermination of certain lease asset

- 16.5% decrease in Interest-bearing loans and borrowings
  Mainly due to loan repayments

- 28.5% decrease in Trade and other payables
  Primary due to payments made to various contractors and suppliers

- 62.5% decrease in Lease Liabilities
  Primarily due to pretermination of certain lease asset

- 7.9% increase in Customers' deposits
  Mainly due to an increase in reservation sales and collection from various projects

- 9.7% increase in Advances from related parties
  Primarily due to project-related advances

- 69.6% increase in Contract liabilities
  Mainly due to re-adjustment in construction pace of certain projects

- 41.8% decrease in Retirement benefit obligation
  Due to re-measurement of retirement obligation

- 100.0% decrease in Income tax payable
  Mainly due to payment of previous year income tax due of a subsidiary

- 9.0% increase in Deferred Tax Liabilities-net
  Pertains to the tax effect of taxable and deductible temporary differences

- 18.5% decrease in Revaluation reserve
  Mainly due to a decrease in the fair market value of the investment in securities held by a subsidiary

- 8.2% increase in Retained Earnings
  Pertains to net income for the year

Statements of Comprehensive Income
(Increase or decrease of 5% or more versus 31 December 2019)

- 8.4% increase in Real estate sales
  Primarily due to higher sales recognized for the period

- 15.3% increase in Finance income
  Primarily due to interest in advances

- 44.4% decrease in Commission & other income
  Mainly due to a decrease in revenues derived from other related sources

- 15.7% increase in Cost of real estate sales
  Due to increase in real estate sales

- 14.2% decrease in Operating expenses
  Mainly due to a decrease in marketing and administrative expenses

- 17.2% decrease in Tax expense
  Mainly due to a decrease in taxable income

The Company allocates P25.0 billion in capital expenditures over the next 5 years and is expected to be funded by collections, borrowings, and other sources.

Fluctuations in the foreign exchange rate had no adverse effect on the Group's financial conditions since the Group has very minimal importations of construction-related materials and has no foreign denominated loans.

There are no other material changes in the Group's financial position and condition (5% or more) that will warrant a more detailed discussion. Likewise, there are no material events and uncertainties known to the management that would have a material impact on reported financial information and normal operations of the Group.

The nature of all revenues and expenses disclosed in the statements of comprehensive income are business-related transactions and arose from the Group's continuing operations. Also, no prior period adjustment was made during any period covered by the statements of financial position.

There are no material off-statements of financial condition transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

There are no events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.

The Group is aggressively marketing its products especially the new projects. It continuously offers competitive prices, more lenient payment schemes under in-house financing and has strong tie-ups with reputable banks for the financing requirements of its buyers.

For 2019, the following are top key performance indicators of the Group:

		2019	2018
Sales		P3.9 Billion	P3.4 Billion
Net Profit		P615.6 Million	P535.1 Million
Current Ratio	*1	3.06:1	3.34:1
Quick Ratio	*2	0.62:1	0.66:1

**1- Current Assets/Current Liabilities*

**2- Cash and cash equivalents + Trade and other receivables/ Total Current Liabilities*

1) Real Estate Sales

The Group's marketing and development concepts, sales strategies, project location, and flexible payment scheme remain to be its competitive advantages. Most projects of the Group are connected to the mass transit system and are conveniently located in business districts of Metro Manila

2) Other Revenues

Other income derived from various sources contributed to the Group's revenue.

3) Ability to repay loan obligations

The loan obligations were promptly settled. The Group maintains a good credit standing with creditor banks and has considerable standby credit facilities, which can be utilized for urgent capital requirements.

4) Continuous development of projects

The Group aggressively undertakes construction and development activities and has been exerting efforts to deliver its projects within the commitment timetable.

RESULTS OF OPERATIONS

(Based on Financial Statements adopted in accordance with the Philippine Financial Reporting Standards)

Review of 31 December 2019 versus 31 December 2018

During the twelve-month period for the year 2019, the consolidated net profit amounted to P615.6 million, with a 15.0% increase from the previous year's net profit of P535.2 million. Consolidated total revenues for the year ended 31 December, composed of real estate sales, finance income, commissions, and other revenues posted an increase of 17.4% from P4.4 billion in 2018 to P5.1 billion in 2019.

Real Estate Sales

The Group registered Real Estate Sales for the year ended 31 December 2019 and 2018 amounting to P3.9 billion and P3.4 billion respectively. The sales generated were derived from various projects including Kasara Urban Resort Residences, San Lorenzo Place, Pioneer Woodlands, The Rochester, The Cambridge Village, Little Baguio Terraces, The Sonoma, California Garden Square, and Laguna Bel Air projects.

The Cost of Real Estate Sales for the year ended 31 December 2019 and 2018 amount to P2.2 billion and P2.0 billion or 55.8% and 59.7% in 2019 and 2018 of Real Estate Sales respectively. The change was primarily due to the different composition of products sold for each year.

Gross Profit for the year ended 31 December 2019 and 2018 amounts to P1.8 billion and P1.4 billion or 44.3% and 40.3% of Real Estate Sales respectively. The gross profit margin varies depending on the product mix and the competitiveness of the prices of each product.

Other Revenues

The Finance Income for the year ended 31 December 2020 and 2019 amount to P295.4 million and P290.2 million or 5.7% and 6.6% of consolidated total revenue respectively. They were derived mostly from in-house financing and various advances from related parties.

Additional sources of revenue were commissions of a subsidiary, rentals of investment properties, and those obtained from other sources. Commission and other income for the year ended 31 December 2020 P913.5 million and P640.3 million or 17.8% and 14.6% of consolidated total revenues respectively.

Operating Expenses

Operating Expenses for the year ended 31 December 2019 and 2018 amount to P1.7 billion and P1.3 billion respectively. Other charges/expenses include the Finance Cost of P333.6 million and P279.9 million respectively.

FINANCIAL CONDITION

Review of 31 December 2019 versus 31 December 2018

Total Assets of the Group as of 31 December 2019 and 2018 amounted to P44.8 billion and P42.6 billion respectively. Cash and Cash Equivalents as of 31 December decreased from P1.8 billion in 2018 to P1.1 billion in 2019. The Group remained liquid with Total Current Assets of P39.7 billion in 2019 and P37.1 billion in 2018, which accounted for 88.5% and 87.2% of the Total Assets as of 31 December 2019 and 2018 respectively. While Total Current Liabilities as of 31 December 2019 and 2018 amounted to P12.9 billion and P11.1 billion respectively.

Total Equity of the Group as of 31 December increased from P27.7 billion in 2018 to P28.6 billion in 2019 due to Group's Net Income for the 12-month period, revaluation of equity investments held by a subsidiary, and consolidation of a new subsidiary.

For the year ending 31 December 2019 and 2018, the Group sourced its major cash requirements from internally generated funds and partly from borrowings.

The Group utilized its funds for construction and development of projects, loan repayments, settlement of various payables, and other operating expenses.

Material Changes in the 2019 Financial Statements
(Increase or decrease of 5% or more versus 31 December 2018)

Statements of Financial Position

- 36.9% decrease in Cash and cash equivalents
  Mainly due to construction-related payments and loan repayments

- 25.9% increase in Trade and other receivables
  Mainly due to down payments made to suppliers and contractors and recognition of sales from completed projects

- 27.4% decrease in Contract Assets
  Mainly due to the completion of certain projects

- 40.8% increase in Advances to related parties
  Primarily due to advances granted by a subsidiary

- 18.1% increase in Prepayments and other current assets
  Mainly due to commissions capitalized for the year and transfer related taxes paid

- 58.9% increase in Advances landowners and joint venture
  Primarily due to additional advances to landowners and joint venture partners

- 52.1% increase in Property and equipment
  Primarily due to the adoption of a new financial reporting standard

- 14.6% decrease in Other non-current assets
  Primarily due to a decrease in rental deposits of a subsidiary

- 31.1% decrease in Interest-bearing loans and borrowings
  Mainly due to loan repayments

- 6.2% decrease in Trade and other payables
  Primary due to payments made to various contractors and suppliers

- 100% increase in Lease Liabilities
  Primarily due to the adoption of new financial reporting standards

- 45.8% increase in Customers' deposits
  Mainly due to an increase in reservation sales and collection from various projects

- 16.7% decrease in Contract liabilities
  Mainly due to the completion of certain projects

- 13.3% increase in Retirement benefit obligation
  Due to re-measurement of retirement obligation

- 10.4% increase in Income tax payable
  Mainly due to an increase in income tax due of a subsidiary

- 15.5% increase in Other current liabilities
  Primary pertains to refund liability related to Maceda Law

Statements of Comprehensive Income
(Increase or decrease of 5% or more versus 31 December 2018)

- 14.0% increase in Real estate sales
  Primarily due to higher sales recognized for the period

- 42.7% increase in Commission & other income
  Mainly due to an increase in revenues derived from other related sources

- 6.5% increase in Cost of real estate sales
  Due to increase in real estate sales

- 19.2% increase in Finance costs
  Mainly due to interest on loans

- 33.5% increase in Operating expenses
  Mainly due to an increase in marketing and administrative expenses

- 30.9% increase in Tax expense
  Mainly due to an increase in taxable income

For the year 2020, the projected capital expenditures of roughly P5.0 billion were expected to be funded by collections, borrowings, and other sources.

Fluctuations in the foreign exchange rate had no adverse effect on the Group's financial conditions since the Group has very minimal importations of construction-related materials and has no foreign denominated loans.

There are no other material changes in the Group's financial position and condition (5% or more) that will warrant a more detailed discussion. Likewise, there are no material events and uncertainties known to the management that would have a material impact on reported financial information and normal operations of the Group.

The nature of all revenues and expenses disclosed in the statements of comprehensive income are business-related transactions and arose from the Group's continuing operations. Also, no prior period adjustment was made during any period covered by the statements of financial position.

There are no material off-statements of financial condition transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

There are no events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.

The Group is aggressively marketing its products especially the new projects. It continuously offers competitive prices, more lenient payment schemes under in-house financing and has strong tie-ups with reputable banks for the financing requirements of its buyers.

Item 7. Information on Independent Accountant and other Related Matters

External Audit Fees and Services

The Company's external auditor, Punongbayan & Araullo, billed the amount of Php2,025,000 annually exclusive of VAT for the years ending 31 December 2020 and 2019, respectively, in professional fees for services rendered by it for the audit of the Company's annual financial statements and services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements for 2020 and 2019.

.

Apart from the foregoing, no other services were rendered, or fees billed by the Company's external auditors for the years ending 31 December 2020 and 2019.

The engagement of Punongbayan & Araullo and the handling partner is approved by the Board of Directors in consultation with its Audit Committee and by the stockholders of the Company. The selection of external auditors is made based on credibility, professional reputation, accreditation with the Philippine Securities and Exchange Commission, and affiliation with a reputable foreign partner. The professional fees of the external auditors of the Company are approved by the Company's Audit Committee after approval by the stockholders of the engagement and prior to the commencement of each audit season.

Item 8. Financial Statements

Consolidated Audited Financial Statements meeting the requirements of SRC Rule 68, as amended, are attached hereto as Exhibit 1 and incorporated herein by reference.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Company complied with SRC Rule 68(3)(b)(iv) and the Company's Manual on Corporate Governance, which requires that the Company's external auditor be rotated or the signing partner changed after five (5) years of engagement. A two-year cooling-off period shall be observed in the re-engagement of the same signing partner. In this regard, starting the year ending 31 December 2016, Mr. Renan A. Piamonte, one of the Audit and Assurance Partners of Punongbayan and Araullo (P&A), was designated as the signing partner for the audit of the Company's financial statements. Mr. Nelson Dinio, also one of the Audit and Assurance Partners of P&A, handled the audit of the Company's financial statements for the past five years from 2011 to 2015.

There are no disagreements with the auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to their satisfaction, would have caused the auditors to make reference thereto in their reports on the financial statements of the Company and its subsidiaries.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 10. Directors and Executive Officers of the Issuer

The Company's Board of Directors consists of seven (7) members, of which two are independent directors. All of the directors were elected during the annual meeting of stockholders held on 15 July 2020 for a term of one year and will hold office until their successors are elected and qualified.

The table sets forth each member of the Company's Board and Officers as of 31 March 2021.

Name	Present Position
Andrew L. Tan…………………….	Chairman of the Board
Anthony Charlemagne C. Yu…..	Director/President/CEO
Cresencio P. Aquino…………….	Independent Director
Alejo L. Villanueva, Jr.…………..	Independent Director
Evelyn G. Cacho………………….	Director/Senior Vice President/ Corporate Information Officer/ Compliance Officer
Enrique Santos L. Sy……………	Director
Kevin Andrew L. Tan……………	Director
Ricky S. Libago………………….	Executive Vice President
Ricardo B. Gregorio……………	First Vice President for Human Resources and General and Administration Services
Jhoanna Lyndelou T. Llaga……	First Vice President for Marketing
Dennis E. Edaño……………....	Corporate Secretary/Vice President for Legal and Corporate Affairs
Celeste Z. Sioson………………	Assistant Corporate Secretary/Vice President for Credit and Collection
Franemil T. Ramos……………..	Vice President for Management Information System
Kim Camille B. Manansala…….	Assistant Vice President for Audit and Management Services
Giovanni C. Ng………………….	Treasurer

Following is a brief profile of the incumbent directors and executive officers of the Company, indicating their respective business or professional experience for the past five (5) years.

Andrew L. Tan
Chairman of the Board

Mr. Tan, 71 years old, Filipino, has served as Chairman of the Company's Board of Directors since its incorporation in July 1994. He was also Treasurer of the Company from July 1994 to May 1998. He is the Chairman of the Board and President of Megaworld Corporation, a publicly listed corporation and the parent of the Company, and Chairman of other publicly listed companies such as Alliance Global Group, Inc., Emperador Inc., and Global-Estate Resorts, Inc. He pioneered the live-work-play-learn model in real estate development through Megaworld's integrated township communities, thus fueling the growth of the business process outsourcing (BPO) industry. He chairs publicly-listed Alliance Global Group, Inc. which holds interests in property development through Megaworld, integrated tourism estates development through Global-Estate Resorts, Inc. He is the director of Travellers International Hotel Group, Inc. which owns Resorts World Manila, and food and beverage manufacturing and distribution through Emperador Inc., which owns Emperador Distillers, Inc., the leading brandy manufacturer and distributor in the Philippines, and Golden Arches Development Corporation, which operates and franchises quick-service restaurants under the McDonald's brand. Mr. Tan also serves on the boards of various companies: Eastwood Cyber One Corporation, Megaworld Land, Inc., Megaworld Central Properties, Inc., Gilmore Property Marketing Associates, Inc., Sherman Oak Holdings, Inc., Sonoma Premier Land, Inc., Valle Verde Properties, Inc., Townsquare Development, Inc. and Richmonde Hotel Group International Limited. Mr. Tan is also the Chairman of Megaworld Foundation, Megaworld's corporate social responsibility arm, which primarily focuses on the promotion of education through scholarship programs for financially handicapped but deserving students, and supports causes that promote poverty alleviation, people empowerment, social justice, good governance, and environmental conservation.

Anthony Charlemagne C. Yu
Director/President/CEO

Mr. Yu, 58 years old, Filipino, has been a member of the Company's Board of Directors since August 1997 and has served as President and CEO of the Company for the same period. He joined Megaworld Land, Inc. in July 1996 and served as its Vice President until July 1997. Mr. Yu obtained his Bachelor of Arts degree major in Political Science from the Ateneo de Manila University and his Bachelor of Laws degree from the University of the Philippines. He holds a Master's Degree from the University of London. Mr. Yu previously worked for Ten Knots Development Corporation where he served as Vice President for Corporate and Legal Affairs and was a member of both its Executive and Management Committees. He also worked as a Legal Associate in one of the country's largest and most active law firms then, and served as Special Legal Counsel to the Secretary of Health, Dr. Juan Flavier. He also served as a Consultant in the Senate of the Philippines. He was a member of the University Faculty of the Ateneo de Manila University for many years, and sat on the board of the Institute of the Philippine Culture of the Ateneo de Manila University. He was also a Founding Faculty of the College of Law of De La Salle University, and a Professor of Law at the Lyceum College of Law. Mr. Yu continues to serve as a Professor of Law in the College of Law of the University of the Philippines. He was a member of the Philippine Delegation to the Integrated Environmental Management Forum held in Israel. Mr. Yu was also a member of the Regional Network of Legal Experts on Marine Pollution of a multilateral agency, and sat in the Board of Trustees of Management Advancement Systems, Association, Inc. He is currently the Chairman of the Board and President of the Philippine Science-assisted school, Laguna BelAir Science School, Inc. He is the President of the El Nido Foundation, an NGO that promotes sustainable development and environmental protection in northern Palawan. He is a Trustee of Culion Foundation, a social development organization that primarily supports undertakings on the prevention and control of selected communicable and infectious diseases, reproductive health, and micro-enterprise development. He is the Chairman of the ERDA Group of Foundations, which promotes educational assistance to the marginalized sectors of society, including street children. He was also a member of the Board of Trustees of a non-profit research and education development institution that provides socio-economic research and analysis on people's issues to various sectors. He also sits in the Board of NVC Foundation- Negrense Volunteers for Change, an organization that fights hunger and poverty by providing proper nutrition for poor children, as well as sustainable livelihood opportunities for their families. He is also a member of the Board of Trustees of WWF Philippines, which works to improve Filipino lives by crafting solutions to climate change, providing sustainable livelihood programs, and conserving the country's richest marine and terrestrial habitats. Mr. Yu is also President and/or Director of Empire East Communities, Inc., Megaworld Central Properties, Inc., Sherman Oak Holdings, Inc., Sonoma Premier Land, Inc., Valle Verde Properties, Inc. and Megaworld Newport Property Holdings, Inc.

Cresencio P. Aquino
Independent Director

Atty. Aquino, 67 years old, Filipino, is currently the Managing Partner of The Law Firm of CP Aquino & Partners. He concurrently serves as an independent director in the boards of publicly-listed companies, Megaworld Corporation and Global-Estate Resorts, Inc. He is a graduate of the San Sebastian College Manila with degrees in Bachelor of Arts and Bachelor of Laws. Atty. Aquino has extensive experience in both the public and private sectors as Director of Clark Development Corporation from 2012 to 2016, Independent Director of Suntrust Home Developers, Inc. from 2009 to 2012, Corporate Legal Counsel of MBF Card and One Card Corporation from June 1998 to May 2004, Special Assistant and Chief Legal Counsel of the Government Service Insurance System from September 1992 to June 1998, Director of the Meat Packaging Corporation of the Philippines from September 1992 to June 1998, Personnel and Administrative Manager, Corporate Secretary and Chief Legal Counsel of ComSavings Bank from September 1992 to June 1998, and Executive Director of the Department of Interior and Local Government ("DILG") from 1988 to 1992, and concurrently Ex-Officio Commissioner of the DILG with the Housing and Land Use Regulatory Board also for the same period. Atty. Aquino was formerly an Associate Professor with the San Sebastian College. Atty. Aquino has been a member of the Integrated Bar of the Philippines since 1978 and is also a member of the Capitol Bar Association, Knights of Columbus, and the Lawyers League of the Philippines.

Enrique Santos L. Sy
Director

Mr. Sy, 71 years old, Filipino, was elected to the Board on 09 June 2009. Previously, he served as director of the Company from April 1996 to April 1998 and from June 1999 to 23 December 2008. Mr. Sy was Corporate Secretary of the Company from July 1994 until 31 March 2011. Mr. Sy concurrently serves on the board of the publicly-listed company, Megaworld Corporation. He is a Director of Eastin Holdings and First Oceanic Property Management, Inc. He is also a Director and the Corporate Secretary of Asia Finest Cuisine, Inc. and the Corporate Secretary of Empire East Communities, Inc. Mr. Sy previously worked as Advertising Manager of Consolidated Distillers of the Far East, Inc., Creative Director of AdCentrum Advertising, Inc., Copy Chief of Admakers, Inc., and Peace Advertising Corporation and Creative Associate of Adformatix, Inc. Mr. Sy graduated with honors from the Ateneo de Manila University with the degree of Bachelor of Arts in Communication Arts.

Evelyn G. Cacho
Director/Senior Vice President

Ms. Cacho, 59 years old, Filipino, has served as director of the Company since 20 February 2009. Ms. Cacho joined the Company in February 1995. She currently serves as director of the Company's subsidiaries, Empire East Communities, Inc., Laguna BelAir School, Inc., Sonoma Premier Land, Inc., Valle Verde Properties, Inc., and Sherman Oak Holdings, Inc. She concurrently serves as Director in publicly-listed Suntrust Home Developers, Inc. She also holds the position of Treasurer of Megaworld Central Properties, Inc. and Megaworld Newport Property Holdings, Inc. She is the Assistant Corporate Secretary of Gilmore Property Marketing Associates, Inc. Prior to joining the Company, she had extensive experience in the fields of financial/operations audit, treasury, and general accounting from banks, manufacturing, and trading companies. Ms. Cacho has a bachelor's degree in Business Administration major in Accounting and is a certified public accountant by profession.

Alejo L. Villanueva, Jr.
Independent Director

Mr. Villanueva, 79 years old, Filipino, is an independent director of the Company since June 2007. He is concurrently an independent director of Alliance Global Group, Inc., Suntrust Home Developers, Inc., and Emperador Inc. and a Director of First Capital Condominium Corporation, a non-stock, non-profit corporation. He is a professional consultant who has more than twenty years of experience in the fields of training and development, public relations, community relations, institutional communication, and policy advocacy, among others. He has done consulting work with the Office of the Vice President, the Office of the Senate President, the Commission on Appointments, the Securities and Exchange Commission, the Home Development Mutual Fund, the Home Insurance Guaranty Corporation, Department of Agriculture, Philippine National Railways, International Rice Research Institute, Rustan's Supermarkets, Louis Berger International (USAID-funded projects on Mindanao growth), World Bank (Subic Conversion Program), Ernst & Young (an agricultural productivity project), Chemonics (an agribusiness project of USAID), Price Waterhouse (BOT program, a USAID project), Andersen Consulting (Mindanao 2000, a USAID project), Renardet S.A. (a project on the Privatization of MWSS, with World Bank funding support), Western Mining Corporation, Phelps Dodge Exploration, and Marubeni Corporation. Mr. Villanueva obtained his bachelor's degree in Philosophy from San Beda College, summa cum laude. He has a master's degree in Philosophy from the University of Hawaii under an East-West Center Fellowship. He also took up special studies in the Humanities at Harvard University. He studied Organizational Behavior at INSEAD in Fontainebleau, France. He taught at the Ateneo Graduate School of Business, the UST Graduate School, and the Asian Institute of Journalism.

Kevin Andrew L. Tan
Director

Mr. Tan, 41 years old, Filipino, has served as Director last June 2015. He is the Executive Vice President and Chief Strategy Officer of Megaworld Corporation. He previously held the position of Senior Vice President for Commercial Division which markets and operates the Megaworld Lifestyle Malls including Eastwood Mall and The Clubhouse at Corinthian Hills in Quezon City, Venice Piazza at McKinley Hill, and Burgos Circle at Forbestown Center, both in Fort Bonifacio, California Garden Square in Mandaluyong City, Newport Mall at Resorts World Manila in Pasay City, and Lucky Chinatown Mall in Binondo, Manila and Uptown Mall in Bonifacio Global City. He is the Chief Executive Officer and Vice Chairman of a public-listed company, Alliance Global Group, Inc. He is also the concurrently a Director of publicly listed companies Emperador Inc. and Global-Estate Resorts, Inc. and of Eastwood Cyber One Corporation, Uptown Cinemas, Inc., Megaworld Central Properties, Inc., Twin Lakes Corporation, Megaworld Land, Inc., Townsquare Development, Inc., Emperador Distillers, Inc., Alliance Global Brands, Inc., Anglo Watsons Glass, Inc., Yorkshire Holdings, Inc., The Bar Beverage, Inc., Emperador Brandy, Inc., and New Town Land Partners, Inc. He is also a trustee and a Treasurer of Megaworld Foundation, Inc. He has over 12 years of experience in retail leasing, marketing and operations. Mr. Tan obtained his bachelor's degree in Business Administration major in Management from the University of Asia and the Pacific.

Ricky S. Libago
Executive Vice President

Mr. Libago, 56 years old, Filipino, has been with the Company since July 2008. He served as Senior Vice President for Project Development, the position he held prior to his appointment as Executive Vice President in July 2016. Prior to joining the Company, he worked with Citibank Japan for 3 years and Citibank Philippines/Citibank Asia Pacific for 5 years with the Corporate Realty Services Group. He also previously worked with Universal Rightfield Holdings, Inc. (a real estate joint venture company with DMCI), Megaworld Land, Inc. (a subsidiary of Megaworld), Ayala Property Management Corporation (a subsidiary of Ayala Land, Inc.), and Makati Development Corporation (the construction arm of Ayala Land, Inc.). Mr. Libago is a licensed Civil Engineer and a Sanitary Engineer. He obtained his Civil Engineering degree from Ateneo de Cagayan (Xavier University) and his Sanitary Engineering degree from the National University.

Ricardo B. Gregorio
First Vice President for Human Resources and General and Administration Services

Mr. Gregorio, 58 years old, Filipino, has been with the Company since August 1997. Prior to his appointment as First Vice President in Human Resources General Administration Services in July 2015, he occupied the position of Vice President for Human Resources General and Administration Services in June 2003 and as Assistant Vice President for HRAD, Purchasing and Warehouse Department in January 1999. He joined the Company as Purchasing Manager and served as such until October 1997. From November 1997 to December 1998, he served as HRAD and Purchasing Senior Manager of the Company. Mr. Gregorio is a certified public accountant by profession. He graduated cum laude from the Araullo University in 1988 with a bachelor's degree in Commerce major in accounting. In 2000, he obtained his Master's Degree in Business Administration from the University of the Philippines and in 2002, a diploma in Human Resource Management from the University of Santo Tomas.

Jhoanna Lyndelou T. Llaga
First Vice President for Marketing

Ms. Llaga, 50 years old, Filipino, currently serves as director of Empire East Communities, Inc, the Company's subsidiary, and as a Senior Vice President of Megaworld Central Properties, Inc., an affiliate of the Company. She joined the company in April 1996 and held various marketing positions. She was appointed Marketing Head in June 2003, Assistant Vice President in July 2009, Vice President in March 2011, and First Vice President in July 2015. Ms. Llaga graduated from the University of the Philippines in March 1994 with the degree of Bachelor of Arts in English Language Studies.

Franemil T. Ramos
Vice President for Management Information System

Mr. Ramos, 47 years old, Filipino, joined the company in December 1997 and held various positions in the Management Information System (MIS) Department. He was appointed as Vice President for MIS Department in July 2016. He also held the position of Senior. Manager on July 2004 and appointed Assistant Vice President on July 2006. Mr. Ramos has a broad background in multiple programming languages along with extensive experience in system analysis, design, and implementation. Prior to joining the company, he was a Programmer Analyst of Union Industries, Inc. assigned to developing and migrating applications from mainframe computer. He graduated from the Lyceum of The Philippines with the degree of Bachelor of Science in Information Technology.

Kim Camille B. Manansala
Assistant Vice President for Audit and Management Services

Ms. Manansala, 30 years old, Filipino, currently serves as Assistant Vice President (AVP) for Audit and Management Services (AMS). She joined the company in May 2016 as Senior Audit Manager and was appointed as AMS-Head in July 2016 and AVP for AMS in January 2017. She is also the assigned Project Manager for the SAP implementation from January 2017 to the present. Prior to joining the company, she worked with SyCip Gorres Velayo & Co. (SGV & Co.) as Senior Assurance Associate where she gained extensive exposure in financial/operations audit for insurance, service, finance, and holding companies, advertising and non-profit institutions. She also worked with QBE Group Shared Services Centre as Quality Assurance Analyst Level 4 and AMA Group of Companies as Senior Audit Manager. Ms. Manansala graduated Magna Cum Laude from the Polytechnic University of the Philippines in 2011 with the degree of Bachelor of Science in Accountancy and is a certified public accountant by profession.

Giovanni C. Ng
Treasurer

Mr. Ng, 47 years old, Filipino, has served as Treasurer of the Company since 06 January 2002. He is also the Senior Vice President and Finance Director of Megaworld Corporation and Treasurer of Adams Properties, Inc. and Townsquare Development, Inc. He serves as a director in Eastwood Property Holdings, Inc., Oceantown Properties, Inc., Empire East Communities, Inc., Gilmore Property Marketing Associates, Inc., First Centro, Inc., Valle Verde Properties, Inc., Lucky Chinatown Cinemas, Inc. and New Town Land Partners, Inc. and Megaworld Land, Inc. Previously, he worked as Analyst Associate in Keppel IVI Investments. Mr. Ng obtained his bachelor's degree in Quantitative Economics from the University of Asia and the Pacific, graduating summa cum laude in 1995.

Dennis E. Edaño
Corporate Secretary

Mr. Edaño, 44 years old, Filipino, is the Corporate Secretary of the Company. He has been with the Company since September 2003 and currently heads the Legal & Corporate Affairs Department. Prior to his appointment as Corporate Secretary, Mr. Edaño was Assistant Corporate Secretary of the Company. Mr. Edaño has extensive experience in civil, criminal, administrative, labor and local taxation litigation, labor relations and real estate law. Prior to joining the Company, he was an Associate at the Siguion Reyna Montecillo Ongsiako Law Offices. Mr. Edaño obtained his bachelor's degree in Law in 1999 from the University of the Philippines and his bachelor's degree in Liberal Arts major in Philosophy from the same institution in 1995.

Celeste Z. Sioson
Assistant Corporate Secretary

Ms. Sioson, 44 years old, Filipino, is the Assistant Corporate Secretary of the Company. She joined the Company in October 2006 and is currently Vice President of the Legal and Corporate Affairs Department of the Company. Ms. Sioson obtained her bachelor's degree in Law from the University of the Philippines in 2002 and her bachelor's degree in Science major in Biology in 1998 from the same institution. She has extensive experience in civil, criminal, administrative, labor litigation, labor relations and real estate law. Prior to joining the Company, she was a Senior Associate at the Andres Marcelo Padernal Guerrero and Paras Law Offices and an Associate at the Ponce Enrile Reyes & Manalastas Law Offices.

Significant Employees

The business of the Company is not highly dependent on the services of personnel outside of Senior Management.

Family Relationships

Chairman Andrew L. Tan and Mr. Kevin Andrew L. Tan, both directors of the Company, are father and son, respectively.

Involvement in Certain Legal Proceedings

The Company is not aware of the occurrence, as of the date hereof and during the past five (5) years preceding this date, of any of the following events which it believes to be material to the evaluation of the ability or integrity of any of its directors, nominees for election as a director, or executive officers:

1. Any bankruptcy petition filed by or against any business of a director, nominee for election as a director, or executive officer who was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

2. Any director, nominee for election as a director, or executive officer being convicted by final judgment in a criminal proceeding, domestic or foreign, or being subject in his personal capacity to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

3. Any director, nominee for election as a director, or executive officer being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and

4. Any director, nominee for election as a director, or executive officer being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

Item 11. Executive Compensation

Compensation of Certain Executive Officers

The total annual compensation paid to the President/CEO and four most highly compensated executive officers of the Company amounted to P33,267,783 and P32,118,161 in 2020 and 2019, respectively. The projected total annual compensation of the named executive officers for 2021 is P37,356,879.

Compensation of Directors

The members of the Board of Directors of the Company receive a standard per diem for attendance in board meetings. In 2020, the Company paid a total of Php725,000 for directors' per diem and has allocated the same amount for 2020.

Apart from directors' per diem, there are no other arrangements, such as consulting contracts, pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly, during the Company's last completed fiscal year, and the ensuing year, for any service provided as a director.

SUMMARY COMPENSATION TABLE

The following table identifies the President and the four most highly compensated officers of the Company and summarizes their aggregate compensation in 2019 and 2020 and estimated aggregate compensation for 2021:

Name and Principal Position	Year	Salary	Others Variable Pay	Total Annual Compensation
Anthony Charlemagne C. Yu, President & CEO				
Ricky S. Libago Executive Vice President				
Evelyn G. Cacho Senior Vice President				
Ricardo B. Gregorio FVP for HR, General and Administrative Services				
Jhoanna Lyndelou T. Llaga FVP for Marketing				
President and 4 Most Highly Compensated Officers	2019	25,410,444	6,707,717	32,118,161
	2020	29,188,932	4,078,851	33,267,783
	2021	30,648,379	6,708,500	37,356,879
All Other Officers and Directors as a Group	2019	42,270,771	7,452,519	49,723,290
	2020	41,613,820	4,833,032	46,446,852
	2021	43,694,511	6,578,722	50,273,233

Employment Contracts and Change-in-Control Arrangements

Executive officers are appointed by the Board of Directors to their respective offices. Certain executive officers are employees of the Company and are entitled to standard employee benefits extended by the Company to the employees.

Other than benefits available under the Company's retirement plan, there is no compensatory plan or arrangement with respect to an executive officer which results or will result from the resignation, retirement, or any other termination of such executive officer's employment with the Company and its subsidiaries, or from a change-in-control of the Company, or a change in an executive officer's responsibilities following a change-in-control of the Company.

Outstanding Warrants and Options

There are no outstanding warrants and options in respect of the Company's shares that are held by the Company's CEO, or any director or executive officer of the Company.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Record and Beneficial Owners of more than 5% of the Company's Shares of Common Stock as of 31 March 2021

Title of Class	Name, Address of Record Owner, and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	Percent of Class
Common	Megaworld Corporation 30th Floor, Alliance Global Tower, 11th Avenue cor. 36 Street, Uptown Bonifacio, Taguig City	Megaworld Corporation	Filipino	11,994,426,438	81.7271%
Common	PCD Nominee Corporation (Filipino) G/F Makati Stock Exchange Bldg., 6767 Ayala Avenue, Makati City	The shares registered in the name of PCD Nominee Corporation (Filipino) are either beneficially owned by the participants of the PCD composed of custodian banks and brokers or held by them in trust for their clients.	Filipino	1,859,115,431[1]	12.6676%

Other than the persons identified above, there are no other beneficial owners of more than 5% of the Company's outstanding capital stock that is known to the Company.

[1] This includes 1,000,000 shares beneficially owned by Megaworld Corporation.

Security Ownership of Management as of 31 March 2021

Title of Class	Name of Beneficial Owner	Amount/Nature of Beneficial Ownership	Citizenship	Percent of Class
Directors				
Common	Andrew L. Tan	24,277,777 (direct)	Filipino	0.165422%
		11,994,426,438[1] (indirect)	Filipino	81.727062%
		138,133,820[2] (indirect)	Filipino	0.941210%
Common	Cresencio P. Aquino	1 (direct)	Filipino	0.000000%
Common	Anthony Charlemagne C. Yu	1 (direct)	Filipino	0.000000%
Common	Kevin Andrew L. Tan	1 (direct)	Filipino	0.000000%
Common	Enrique Santos L. Sy	11,892 (direct)	Filipino	0.000081%
Common	Evelyn G. Cacho	35,240 (direct)	Filipino	0.000240%
Common	Alejo L. Villanueva, Jr.	1 (direct)	Filipino	0.000000%
President and Four Most Highly Compensated Officers				
Common	Anthony Charlemagne C. Yu	Same as above		
Common	Ricky S. Libago	0	Filipino	n/a
Common	Evelyn G. Cacho	Same as above		
Common	Ricardo B. Gregorio	0	Filipino	n/a
Common	Jhoanna Lyndelou T. Llaga	0	Filipino	n/a
Other Executive Officers				
Common	Giovanni C. Ng	0	Filipino	n/a
Common	Franemil T. Ramos	0	Filipino	n/a
Common	Kim Camille B. Manansala	0	Filipino	n/a
Common	Dennis E. Edaño	0	Filipino	n/a
Common	Celeste Z. Sioson-Bumatay	0	Filipino	n/a
Common	All directors and executive officers as a group	24,324,913 (direct)	Filipino	0.170079%

Voting Trust Holders of 5% or More

The Company has no knowledge of any person holding more than five percent (5%) of the Company's shares of common stock under a voting trust or similar agreement.

Changes in Control

No change in control of the Company has occurred since the beginning of its last fiscal year. The Company has no knowledge of any existing arrangements that may result in a change in control of the Company.

[1] The shares are held by Megaworld Corporation had authorized Andrew L. Tan, in his capacity as Chairman of the Board and President, or in his absence the Chairman of the Meeting, to vote Megaworld's common shares in the Company.
[2] The shares are held by The Andresons Group, Inc. of which Andrew L. Tan is a controlling shareholder.

Item 13. Certain Relationships and Related Transactions

Please refer to the discussion under Transactions with and/or dependence on Related Parties on page 7.

The Group's policy on related party transactions is disclosed in Note 2.23 of Audited Consolidated Financial Statements.

Also, Note 25 of the Group's Audited Consolidated Financial Statements cite the conditions, purpose, and types of transactions (i.e., advances given to and received from related parties for construction-related activities, recognition of rental income, recognition of commission income, and the grant by a stockholder of security under the Group's commercial/term loan) which give rise to the due to/from related parties and advances to/from stockholders, associates, and other related parties.

In accordance with PAS 24.18, the Group disclosed the amounts of the transactions with its related parties, including the amount of outstanding balances as of the reporting dates.

The Company has no transaction for the covered period with parties that fall outside the definition of "related parties" under SFAS/IAS No. 24 but with whom the Company or its related parties has a relationship that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly independent parties on an arm's length basis.

PART V – EXHIBITS AND SCHEDULES

Item 15. Exhibits and Reports on SEC Form 17-C

Exhibit No.	Description of Exhibit
1	Audited Consolidated Financial Statements as of 31 December 2020 and 2019.

The Company filed the following reports on SEC Form 17-C during the last six-month period covered by this report.

Date	Disclosures
01 June 2020	Amendments to By-Laws
01 June 2020	Notice of Annual Stockholders' Meeting for the year 2020
15 July 2020	Results of the Annual Stockholder's Meeting for the year 2020
15 July 2020	Results of the Organizational Meeting for the year 2020
15 July 2020	Press Release: "Empire East Posts 4B Booked Sales in 2019"
16 December 2020	SEC approval on the Amendments to By-Laws

The Company's ESG Report for Financial Year 2020 is also attached pursuant to SEC Memorandum Circular No. 4, Series of 2019.

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code, this report is signed on behalf of the Issuer by the undersigned, thereunto duly authorized, in the City of Makati, Philippines on ____________.

EMPIRE EAST LAND HOLDINGS, INC.

By:

ANTHONY CHARLEMAGNE C. YU
President
(Principal Executive Officer
and Principal Operating Officer)

EVELYN G. CACHO
Senior Vice President
(Principal Financial Officer,
Comptroller and Principal
Accounting Officer)

DENNIS E. EDAÑO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 29 day of APR 2021, affiants exhibiting to me their Tax Identification Numbers and Community Tax Certificates, as follows:

NAMES	TIN NOS.
Anthony Charlemagne C. Yu	132-173-451
Evelyn G. Cacho	127-326-686
Dennis E. Edaño	207-906-709

Doc. No. 76;
Page No. 17;
Book No. 152;
Series of 2021.

ATTY. RAYMOND A. RAMOS
COMMISSION NO. M-239
NOTARY PUBLIC FOR MAKATI CITY
UNTIL JUNE 30, 2021 per B.M. No. 3795
11 KALAYAAN AVENUE EXTENSION,
BARANGAY WEST REMBO, MAKATI CITY
SC Roll No. 62179/04-26-2013
IBP NO. 137312/01-04-2021/Pasig City
PTR NO. MKT 8531022/01-04-2021/Makati
MCLE Compliance No. VI-0007878/04-06-20

Empire East

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

In preparing the financial statements, management is responsible for assessing the 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 to do so.

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

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

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has audited the financial statements of the Group in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

ANDREW L. TAN
Chairman of the Board

ANTHONY CHARLEMAGNE C. YU
Chief Executive Officer

3/1 ………

EVELYN G. CACHO
Chief Financial Officer

Empire East Land Holdings, Inc.
12/F Alliance Global Tower, 36th Street corner 11th Avenue
Uptown Bonifacio, Taguig City 1634 Metro Manila, Philippines
Tel. 867-8351/554-4800

SUBSCRIBED AND SWORN to me before this 28 APR 2021 of 2021 affiant exhibiting to me their Tax Identification Number (TIN) as follows:

Andrew L. Tan	125-960-003
Anthony Charlemagne C. Yu	132-173-451
Evelyn G. Cacho	127-326-686

Doc. No. 513
Page No. 104
Book No. 103
Series of 2021

ATTY. RAYMOND A. RAMOS
COMMISSION NO. M-239
NOTARY PUBLIC FOR MAKATI CITY
UNTIL JUNE 30, 2021 per B.M No. 3795
11 KALAYAAN AVENUE EXTENSION,
BARANGAY WEST REMBO, MAKATI CITY
SC Roll No. 62179/04-26-2013
IBP NO. 137312/01-04-2021/Pasig City
PTR NO. MKT 8531022/01-04-2021/Makati City
MCLE Compliance No. VI-0007878/04-06-2018

P&A
Grant Thornton

FOR SEC FILING

Consolidated Financial Statements and
Independent Auditors' Report

Empire East Land Holdings, Inc. and Subsidiaries

December 31, 2020, 2019 and 2018

P&A
Grant Thornton

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

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Report of Independent Auditors

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date APR 28 2021 TSIS
MA. GRACIA AURORA L. CASTILLO

The Board of Directors and Stockholders
Empire East Land Holdings, Inc. and Subsidiaries
(A Subsidiary of Megaworld Corporation)
12th Floor, Alliance Global Tower
36th Street cor. 11th Avenue
Uptown Bonifacio, Taguig City

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' 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 audits 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.

Emphasis of Matter

We draw attention to Note 1 to the financial statements, which describes management's assessment of the continuing impact on the Company's financial statements of the business disruption brought by the COVID-19 pandemic. Our opinion is not modified in respect of this matter.

Key Audit Matters

(a) Revenue Recognition on Real Estate Sales and Determination of Related Costs

Description of the Matter

The Group's revenue recognition process, policies and procedures on real estate sales are significant to our audit because these involve the application of significant judgment and estimation. In addition, real estate sales amounted to P4.3 billion or 83.4% of consolidated Revenues and Income while costs of real estate sales amounted to P2.5 billion or 54.1% of consolidated Cost and Expenses for the year ended December 31, 2020. Areas affected by revenue recognition, which requires significant judgments and estimates, include determining when a contract will qualify for revenue recognition, measuring the progress of the development of real estate projects which defines the amount of revenue to be recognized and determining the amount of actual costs incurred as cost of real estate sales. These areas were significant to our audit as an error in application of judgments and estimates could cause a material misstatement in the consolidated financial statements.

The Group's policy for revenue recognition on real estate sales are more fully described in Note 2 to the consolidated financial statements. The significant judgments applied and estimates used by management related to revenue recognition are more fully described in Note 3 to the consolidated financial statements. The breakdown of real estate sales and costs of real estate sales are also disclosed in Notes 20 and 19, respectively, to the consolidated financial statements.

How the Matter was Addressed in the Audit

We obtained an understanding of the revenue recognition policy regarding real estate sales transactions and the related significant business processes of the Group.

Our procedures in testing the appropriateness and proper application of the Group's revenue recognition policy and process include understanding the policies and procedures applied to revenue recognition, as well as compliance therewith, including an assessment of the design and operating effectiveness of controls related to revenue recognition process employed by the Group including relevant information technology general controls (ITGC). We also performed tests on mathematical accuracy and completeness of supporting contract summary, examination of supporting documents of a sample of agreements, and performed overall analytical review of actual results.

In addressing the risks of material misstatements in revenue recognition, we have performed inspection of sample agreements for compliance with a set of criteria for revenue recognition and test of controls over contract approval. With respect to the timing of recognition of revenues based on the percentage of amount collected from customers, we have also tested the reasonableness of management's judgment in determining the probability of collection of the consideration in a contract which involves a historical analysis of customer payment pattern and behaviour.

Relative to the Group's measurement of progress towards complete satisfaction of performance obligation using the input method, we have tested the progress reported for the year in reference to the actual costs incurred relative to the total budgeted project development costs. Our procedures include test of controls over recognition and allocation of costs per project and direct examination of supporting documents. We have also performed physical inspection of selected projects under development to assess if the completion based on costs is not inconsistent with the physical completion of the project. In testing the reasonableness of budgetary estimates, we have ascertained the qualification of projects engineers who prepared the budgets and reviewed the actual performance of completed projects with reference of their budgeted costs.

In relation to cost of real estate sales, we obtained an understanding of the Group's cost accumulation process and performed tests of the relevant controls. On a sampling basis, we traced costs accumulated to supporting documents such as invoices and accomplishment reports from the contractors and official receipts.

(b) Conduct of Remote Audit

Description of the Matter

The COVID-19 pandemic has prompted management and the audit team to have most of the audit conducted remotely. The current working arrangements are relevant and significant to our audit since it created an increased risk of material misstatement due to less in-person communication with the Group's management and personnel, and lack of access to the physical records and original documents. Given the changes in how the audit was performed, the audit necessitated exercising enhanced professional skepticism.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of performing a significant portion of the audit remotely included the following:

- Considered the nature of the engagement and the engagement team's knowledge of the entity and its environment when we decided whether it is possible to perform a significant portion of the audit remotely;
- Intensified the application of PSA requirements, especially in respect of providing proper supervision and review;

- Obtained information through electronic means, which includes sending and receiving of confirmation electronically, obtaining calculations in electronic form to check the mathematical accuracy, scanning of hard-copy items for review and using real-time inspection technology such as video and screen-sharing;

- Determined the reliability of audit evidence provided electronically using enhanced professional skepticism and techniques designed to reinforce the skills of assistants in evaluating audit evidence obtained electronically;

- Performed inquiries through video conference calls in order to more effectively assess the facial expressions and body language of people being interviewed as well as to make the interaction more effective; and,

- Adhered to and applied strictly the Firm's reinforced and enhanced quality control process.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's 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 auditors' report thereon. The SEC Form 20-IS, 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 auditors' report.

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS, 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.

Auditors' 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 auditors' 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 PSA 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 PSA, 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 auditors' 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 auditors' 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 group 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 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 auditors' 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 auditors' report is Renan A. Piamonte.

PUNONGBAYAN & ARAULLO

By: Renan A. Piamonte
Partner

CPA Reg. No. 0107805
TIN 221-843-037
PTR No. 8533237, January 4, 2021, Makati City
SEC Group A Accreditation
Partner - No. 107805-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-037-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

April 7, 2021

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date APR 28 2021 TSIS
MA. GRACE ... L. CASTILLO

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019
(Amounts in Philippine Pesos)

	Notes	2020	2019
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	P 2,129,720,752	P 1,145,332,574
Trade and other receivables - net	6	7,442,172,940	6,880,553,688
Contract assets	19	2,373,434,910	1,602,894,215
Advances to related parties	25	4,428,734,137	4,122,109,792
Real estate inventories	7	23,424,845,196	25,236,564,577
Prepayments and other current assets	19	714,844,084	686,408,889
Total Current Assets		40,513,752,019	39,673,863,735
NON-CURRENT ASSETS			
Trade and other receivables	6	2,132,911,294	1,787,297,094
Contract assets	19	15,340,770	348,984,364
Financial asset at fair value through other comprehensive income	8	1,193,560,000	1,312,916,000
Advances to landowners and joint ventures	9	226,428,530	226,304,025
Investment in associate	10	275,482,240	282,074,777
Property and equipment - net	11	251,102,397	378,706,446
Intangible asset - net	1, 12	122,100,528	127,572,249
Investment properties - net	13	671,138,058	699,156,607
Other non-current assets		5,190,893	5,190,893
Total Non-current Assets		4,893,254,710	5,168,202,455
TOTAL ASSETS		P 45,407,006,729	P 44,842,066,190

	Notes	2020	2019
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	14	**P 933,333,352**	P 733,333,352
Trade and other payables	15	**1,196,578,156**	1,674,530,611
Lease liabilities	17	**35,797,100**	47,233,071
Customers' deposits	16	**5,146,952,008**	4,768,479,749
Advances from related parties	25	**5,237,759,982**	4,776,873,636
Contract liabilities	19	**50,028,890**	26,257,816
Other current liabilities	18	**930,653,138**	939,728,784
Income tax payable		**-**	45,934
Total Current Liabilities		**13,531,102,626**	12,966,482,953
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	14	**250,000,000**	683,333,333
Contract liabilities	19	**167,639,547**	102,062,325
Lease liabilities	17	**23,847,101**	111,865,806
Retirement benefit obligation	23	**201,252,634**	345,782,326
Deferred tax liabilities - net	24	**2,212,214,170**	2,028,814,391
Total Non-current Liabilities		**2,854,953,452**	3,271,858,181
Total Liabilities		**16,386,056,078**	16,238,341,134
EQUITY			
Attributable to the Parent Company's stockholders			
Capital stock	26	**14,803,455,238**	14,803,455,238
Additional paid-in capital		**4,307,887,996**	4,307,887,996
Treasury stock - at cost	26	**(102,106,658)**	(102,106,658)
Revaluation reserves	8, 23, 26	**475,160,800**	582,666,152
Other reserves	2	**(292,118,243)**	(292,118,243)
Retained earnings	26	**7,023,040,535**	6,491,607,310
Total equity attributable to the Parent Company's stockholders		**26,215,319,668**	25,791,391,795
Non-controlling interests		**2,805,630,983**	2,812,333,261
Total Equity		**29,020,950,651**	28,603,725,056
TOTAL LIABILITIES AND EQUITY		**P 45,407,006,729**	P 44,842,066,190

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date APR 28 2021
MA. GRACIA AURORA L. CASTILLO

See Notes to Consolidated Financial Statements.

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Philippine Pesos)

	Notes	2020	2019 (As Restated – see Note 2)	2018 (As Restated – see Note 2)
REVENUES AND INCOME				
Real estate sales	19	**P 4,262,092,080**	P 3,932,469,219	P 3,449,482,176
Finance income	22	**340,546,947**	295,402,422	290,181,706
Commission income	25	**90,004,074**	134,220,853	112,516,507
Rental income	13, 28	**78,556,703**	154,471,033	111,120,492
Other income	21	**339,155,656**	624,851,216	416,707,468
		5,110,355,460	5,141,414,743	4,380,008,349
COSTS AND EXPENSES				
Cost of real estate inventories	20	**2,537,176,895**	2,192,214,309	2,058,228,875
Salaries and employee benefits	23	**407,950,300**	471,180,266	456,828,204
Finance costs	22	**338,334,620**	333,571,480	279,934,201
Commissions	19	**321,160,515**	361,167,537	143,733,854
Advertising and promotion		**198,647,114**	235,141,247	95,829,284
Depreciation and amortization	11, 12, 13	**109,957,448**	111,369,197	56,184,685
Taxes and licenses	13	**74,549,635**	153,079,327	103,202,274
Travel and transportation	13	**41,795,214**	91,164,927	65,469,361
Equity share in net losses of associates	10	**6,592,537**	3,830,936	6,310,718
Other expenses	21	**295,284,508**	266,471,465	344,831,450
Income taxes	24	**253,964,347**	306,660,741	234,298,923
		4,585,413,133	4,525,851,432	3,844,851,829
NET PROFIT		**524,942,327**	615,563,311	535,156,520
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will not be reclassified subsequently through profit or loss:				
Fair value losses on financial assets at FVOCI	8	**(119,356,000)**	(27,024,000)	(461,660,000)
Remeasurements on retirement benefit	23	**16,956,951**	(37,760,426)	334,441,438
Tax income (expense) on remeasurement	24	**(5,317,683)**	11,535,073	(99,951,148)
		(107,716,732)	(53,249,353)	(227,169,710)
TOTAL COMPREHENSIVE INCOME		**P 417,225,595**	P 562,313,958	P 307,986,810
Net profit attributable to:				
Parent company's shareholders		**P 531,433,225**	P 622,021,871	P 534,218,365
Non-controlling interest		**(6,490,898)**	(6,458,560)	938,155
		P 524,942,327	P 615,563,311	P 535,156,520
Total comprehensive income attributable to:				
Parent company's shareholders		**P 423,927,873**	P 568,582,818	P 306,699,145
Non-controlling interest		**(6,702,278)**	(6,268,860)	1,287,665
		P 417,225,595	P 562,313,958	P 307,986,810
EARNINGS PER SHARE - Basic and Diluted	27	**P 0.036**	P 0.042	P 0.036

See Notes to Consolidated Financial Statements.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date APR 28 2021
TSIS
MA. GRACIA AURORA L. CASTILLO

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019, AND 2018
(Amounts in Philippine Pesos)

	Attributable to Parent Company's Shareholders								
	Capital Stock (see Note 26)	**Additional Paid-in Capital**	**Treasury Stock** (see Note 26)	**Revaluation Reserves** (see Notes 8, 23 and 26)	**Other Reserves** (see Notes 2 and 26)	**Retained Earnings** (see Note 26)	**Total**	**Non-controlling Interests**	**Total**
Balance at January 1, 2020	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 582,666,152	(P 292,118,243)	P 6,491,607,310	P 25,791,391,795	P 2,812,333,261	P 28,603,725,056
Total comprehensive income for the year	-	-	-	(107,505,352)	-	531,433,225	423,927,873	(6,702,278)	417,225,595
Balance at December 31, 2020	**P 14,803,455,238**	**P 4,307,887,996**	**(P 102,106,658)**	**P 475,160,800**	**(P 292,118,243)**	**P 7,023,040,535**	**P 26,215,319,668**	**P 2,805,630,983**	**P 29,020,950,651**
Balance at January 1, 2019									
As previously reported	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 636,105,205	(P 385,961,343)	P 5,876,989,482	P 25,136,369,920	P 2,558,719,887	P 27,695,089,807
Effect of adoption of PFRS 16	-	-	-	-	-	(7,404,043)	(7,404,043)	-	(7,404,043)
As restated	14,803,455,238	4,307,887,996	(102,106,658)	636,105,205	(385,961,343)	5,869,585,439	25,128,965,877	2,558,719,887	27,687,685,764
Total comprehensive income for the year	-	-	-	(53,439,053)	-	622,021,871	568,582,818	(6,268,860)	562,313,958
Changes in ownership interest in subsidiaries	-	-	-	-	93,843,100	-	93,843,100	259,882,234	353,725,334
Balance at December 31, 2019	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 582,666,152	(P 292,118,243)	P 6,491,607,310	P 25,791,391,795	P 2,812,333,261	P 28,603,725,056
Balance at January 1, 2018	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 863,624,425	P -	P 5,342,771,117	P 25,215,632,118	P 620,961,159	P 25,836,593,277
Total comprehensive income for the year	-	-	-	(227,519,220)	-	534,218,365	306,699,145	1,287,665	307,986,810
Other reserves from consolidation of a new subsidiary (see Note 1.2)	-	-	-	-	(385,961,343)	-	(385,961,343)	-	(385,961,343)
Acquisition of a new subsidiary with non-controlling interest	-	-	-	-	-	-	-	1,936,471,063	1,936,471,063
Balance at December 31, 2018	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 636,105,205	(P 385,961,343)	P 5,876,989,482	P 25,136,369,920	P 2,558,719,887	P 27,695,089,807

See Notes to Consolidated Financial Statements

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Philippine Pesos)

	Notes	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 778,906,674	P 922,224,052	P 769,455,443
Adjustments for:				
Finance income	22	(340,546,947)	(295,402,422)	(290,181,706)
Finance costs	22	338,334,620	333,571,480	279,934,201
Depreciation	11, 12, 13	109,957,448	111,369,197	56,184,685
Gain on derecognition of lease liabilities		(9,005,501)	-	-
Equity share in net losses of associates	10	6,592,537	3,830,936	6,310,718
Gain on sale of property and equipment	11	(171,628)	(123,214)	(25,088)
Loss on retirement of property and equipment	11	-	-	230,875
Operating profit before working capital changes		884,067,203	1,075,470,029	821,909,128
Increase in trade and other receivables		(871,260,896)	(1,767,272,686)	(500,726,781)
Decrease (increase) in contract assets		(436,897,101)	738,192,213	(218,186,486)
Increase in advances to related parties		(68,039,439)	(983,862,792)	(254,577,967)
Decrease (increase) in real estate inventories		1,846,866,138	(332,266,650)	(566,050,045)
Increase in prepayments and other current assets		(28,435,202)	(104,949,282)	(127,576,887)
Decrease (increase) in advances to landowners and joint ventures		(124,505)	(83,845,973)	164,429,843
Decrease in other non-current assets		-	887,940	118,711
Decrease in trade and other payables		(501,170,673)	(107,812,397)	(51,350,037)
Increase (decrease) in contract liabilities		89,348,296	(25,633,278)	(79,554,003)
Increase in customers' deposits		378,472,259	1,497,068,614	589,962,658
Increase (decrease) in other current liabilities		(9,075,646)	126,300,350	72,427,013
Increase (decrease) in retirement benefit obligation		(141,858,528)	(18,792,172)	37,789,605
Cash generated from (used in) operations		1,141,891,906	13,483,916	(111,385,248)
Interest received from receivables		59,822,685	47,098,560	47,110,288
Cash paid for income taxes		(75,928,181)	(203,211,847)	(118,682,965)
Net Cash From (Used in) Operating Activities		1,125,786,410	(142,629,371)	(182,957,925)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property and equipment	11	(8,968,709)	(14,137,022)	(79,495,071)
Interest received from cash and cash equivalents		6,166,800	16,431,520	10,176,239
Proceeds from the sale of property and equipment		242,064	123,214	299,066
Acquisition of additional ownership interest in an associate	10	-	(576,274,666)	-
Acquisitions of intangible assets	12	-	-	(54,717,213)
Dividends received	8	-	-	11,260,000
Net Cash Used in Investing Activities		(2,559,845)	(573,856,954)	(112,476,979)
Balance brought forward		P 1,123,226,565	(P 716,486,325)	(P 295,434,904)

	Notes	2020	2019	2018
Balance carried forward		P 1,123,226,565	(P 716,486,325)	(P 295,434,904)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of interest-bearing loans and borrowings	33	(733,333,333)	(640,069,797)	(744,676,494)
Proceeds from interest-bearing loans and borrowings	33	500,000,000	-	800,000,000
Proceeds from additional advances from related parties	33	222,641,168	13,129,665	965,658,750
Interest paid		(64,977,678)	(125,733,749)	(108,738,077)
Repayments of advances from related parties	33	(49,302,129)	(79,581,067)	(82,991,682)
Repayments of lease liabilities	33	(13,866,415)	(52,824,440)	-
Proceeds from subscription of non-controlling interest	33	-	930,000,000	-
Net Cash From (Used in) Financing Activities		(138,838,387)	44,920,612	829,252,497
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		984,388,178	(671,565,713)	533,817,593
NET INCREASE IN CASH DUE TO ACQUISITION OF A SUBSIDIARY		-	-	2,184,545
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,145,332,574	1,816,898,287	1,280,896,149
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 2,129,720,752	P 1,145,332,574	P 1,816,898,287

Supplemental Information on Non-cash Investing and Financing Activities:

1. In 2020, the Company a derecognized portion of its lease liabilities amounting to P93.5 million (see Note 17.2) and a right of use asset amounting to P60.0 million (see Note 11). This resulted in gain amounting to P9.0 million presented under Other Income (Charges) in the 2020 consolidated statement of comprehensive incom

2. In 2019, the Company recognized right-of-use assets and lease liabilities amounting to P193.5 million and P204.1 million, respectively.

3. In 2018, the Company has reclassified certain property development costs to investment properties (see Note 13). No similar transaction occurred in 2019 and 2020.

See Notes to Consolidated Financial Statements.

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

Empire East Land Holdings, Inc. (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on July 15, 1994, primarily to engage in the business of real estate development, mass community housing, townhouses and row houses development. The Company is presently engaged in the development and marketing of mid-cost housing projects in the form of condominium communities, subdivision lots and house and lot packages, and commercial units to a limited extent. The Company also leases out commercial and industrial properties.

The shares of common stock of the Company are listed at the Philippine Stock Exchange (PSE).

1.1 Composition of the Group

As of December 31, the Company holds ownership interests in the following entities:

Subsidiaries/ Associates	Explanatory Notes	Percentage of Ownership 2020	2019	2018
Subsidiaries:				
Eastwood Property Holdings, Inc. (EPHI)	(a)	**100%**	100%	100%
Valle Verde Properties, Inc. (VVPI)	(b)	**100%**	100%	100%
Sherman Oak Holdings, Inc. (SOHI)	(b)	**100%**	100%	100%
Empire East Communities, Inc. (EECI)	(c)	**100%**	100%	100%
20th Century Nylon Shirt Co., Inc. (20th Century)	(d)	**100%**	100%	100%
Laguna BelAir Science School, Inc. (LBASSI)	(e)	**72.50%**	72.50%	72.50%
Sonoma Premier Land, Inc. (SPLI)	(b)	**60%**	60%	60%
Pacific Coast Megacity, Inc. (PCMI)	(f)	**40%**	40%	20%
Associate –				
Gilmore Property Marketing Associate, Inc. (GPMAI)	(b)	**47%**	47%	47%

Explanatory Notes:

(a) Subsidiary incorporated to market real estate properties of the Group and other related parties.

(b) Subsidiaries/associate incorporated in prior years but have not yet started commercial operations as of December 31, 2020.

(c) Subsidiary incorporated in prior year but ceased its operations as a marketing arm of real estate properties in 2014.

(d) Subsidiary acquired in 2015 which is yet to resume its operations, which is primarily to manufacture, distribute, and buy and sell wearing apparel and its accessories such as zipper, buttons, etc.

(e) Subsidiary primarily engaged in operating a school for primary and secondary education.

(f) Subsidiary of the Company starting 2018 when the Company obtained de facto control over the entity and was accounted for under the pooling-of-interest method (see Note 1.2).

The registered office address, which is also the place of operations, of the Company's subsidiaries and associates, except for EPHI, LBASSI, 20th Century and PCMI, is located at 12th Floor, Alliance Global Tower, 36th Street corner 11th Avenue, Uptown Bonifacio, Taguig City. Below is the summary of the registered office address of the other subsidiaries, which is also the place of their operation.

(a) EPHI – #188 EC Information Center, E. Rodriguez Jr. Ave., Eastwood CyberPark City, Bagumbayan, Quezon City
(b) LBASSI – Brgy. Don Jose, Sta. Rosa, Laguna
(c) 20th Century – 632 Shaw Blvd. Highway Hills, Mandaluyong City
(d) PCMI – 7th Floor, 1880 Building Eastwood City E. Rodriguez Jr. Ave. Bagumbayan, Quezon City

In prior years, the Company increased its ownership interest in VVPI and LBASSI, resulting in 100% and 73% ownership interest, respectively, over the respective subsidiaries. This resulted in the recognition of goodwill which amounted to P78.3 million as of December 31, 2020 and 2019, and shown as part of Intangible Assets – net account in the consolidated statements of financial position (see Note 12).

In 2015, the Company invested in PCMI amounting to P877.8 million in exchange for 750,000,000 shares, representing 20% ownership interest in the said company. In 2018, the Company has obtained de facto control over PCMI; hence, the investment is accounted for as an investment in a subsidiary. Further, in 2019, the Company obtained additional shares of PCMI, increasing its ownership interest to 40% (see Note 1.2).

Megaworld Corporation (Megaworld or parent company) is the parent company of Empire East Land Holdings, Inc. and subsidiaries (the Group). Megaworld is presently engaged in property-related activities, such as, project design, construction and property management. Megaworld is 68.56% owned by Alliance Global Group, Inc. (AGI), the Company's ultimate parent company. AGI is a holding company with diversified investments in food and beverage, real estate, tourism-entertainment and gaming and quick service restaurant businesses. The shares of common stock of both Megaworld and AGI are also listed at the PSE.

The Company's registered office address, which is also its principal place of business, is located on 12th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City. Megaworld's registered office address is located on the 30th Floor of the same building as that of the Company. AGI's registered office is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriquez Jr. Avenue, Bagumbayan, Quezon City. These entities' registered office addresses are also their respective principal places of business.

1.2 Acquisition of PCMI

PCMI became a subsidiary on December 31, 2018 when the Company obtained de facto control when the latter gained the power to govern over the financial and operating policies of the former. The acquisition was accounted for under the pooling-of-interest method of accounting as PCMI was acquired from a related party under common control. Moreover, there was no consideration paid in 2018 when the Company obtained de facto control over PCMI. Transfers of assets between commonly-controlled entities are accounted for under historical cost accounting; hence, the assets and liabilities reflected in the consolidated financial statements are at carrying values and no adjustments are made to reflect fair values or recognized any new assets or liabilities, at the date of the combination that otherwise would have been done under the acquisition method. No restatements are made to the financial information in the consolidated financial statements for periods prior to the business combination as allowed under *Philippine Interpretations Committee* PIC Q&A No. 2012-01, PFRS 3.2; *Application of the Pooling of Interests Method for Business Combinations of Entities under Common Control in Consolidated Financial Statements, (Amended by PIC Q&A No. 2015-01and PIC Q&A No. 2018-13)*; hence, the profit and loss of PCMI is included in the consolidated financial statements for the full year, irrespective of when the combination took place. Aggregate financial information, at historical cost, of PCMI as at acquisition date is presented below.

Total assets acquired	P 2,429,036,789
Total liabilities assumed	(8,447,960)
Net assets acquired	P 2,420,588,829

Significant assets acquired pertain to real estate inventories (land for future development) amounting to P1.4 billion. In addition, the consideration transferred in relation to the acquisition amounted to P870.1 million while non-controlling interest and other reserves amounting to P1.9 billion and P0.4 billion, respectively, were also recognized in the 2018 consolidated statement of changes in equity [see Note 2.3(c)].

In January 2019, the Company acquired an additional 20% ownership interest over PCMI for P886.3 million, increasing its total ownership interest over PCMI to 40%. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid is recognized directly in other reserves [see Notes 2.3(c) and 2.11]. The effective ownership of the Company over PCMI after the transaction is 40%.

1.3 Impact of COVID-19 Pandemic on the Group's Business

The COVID-19 pandemic started to become widespread in the Philippines in early March 2020. The measures taken by the government to contain the virus have affected economic conditions and the Group's business operations.

The following are the impact of the COVID-19 pandemic on the Group's business:

(a) Real Estate Sales

Real estate sales yield 8% or P329.6 million higher despite the fewer reservations, limited selling activities, and restricted construction activities. Other observations are presented below.

- sales recognized for the year mostly came from completed projects with additional collections during the year allowing to meet the revenue recognition criteria (see Note 2.14);
- construction activities were suspended during the enhanced community quarantine (ECQ) period and thereafter have slowly resumed in selected areas; and,
- new project launches for 2020 were put on hold as work stoppage on-site could result in project completion risk.

(b) Lease of Office and Commercial Spaces

Rental income dropped by 49% or P75.9 million primarily due to the temporary closure of retail stores, commercial spaces, rent concessions, and lower number of customers who enter these establishments upon reopening. Concession of rent and other related charges amounted to P25.3 million. Other observations are presented below.

- offered deferment of monthly rent without penalty until the end of the reporting period;
- non-renewal and registered early termination and restructuring of lease contracts;
- various community quarantine measures resulted in the temporary store closures except for essential establishments, resulting in a decline in available customers; and,
- during the ECQ, approximately 56% of the total leased out gross leasable area were unable to operate. Retail establishment gradually resumed operations after thereafter; and waived rental charges of tenants in the mall and commercial centers.

(c) Tuition and Miscellaneous Fees

Tuition and Miscellaneous Fees declined by 28% or P14.8 million as compared to the 2020 figures due to lower enrollees for the school year 2020 - 2021. Other observations are presented below.

- no increase in school fees for the school year 2020 - 2021; and,
- teachers and instructors shifted to online learning, with the Company incurring additional annual subscription fees to online platforms.

The Group has taken the further following actions:

- implemented flexible and remote working arrangements for employees;
- negotiated for longer payment terms from suppliers and implemented cost-savings measures such as reduction in marketing and advertising expenses, freezing annual employee salary increase and bonuses, and relocation certain offices to Company-owned properties to manage the Group's cash flows;
- additional administrative expenses were incurred to ensure the health and safety of its employees and customers such as the frequent disinfection of facilities and COVID-19 testing for employees reporting to the offices;
- deferred scheduled price increases, offered discounts and flexible payment terms combinations to accommodate more buyers;
- implemented transmutation to online selling with the use of virtual platforms and video materials for project walkthrough and condo tour for client presentations, and fully digitized reservation process;
- launched digital payment platform towards the end of the fourth quarter of 2020 to enable customers to pay online;

- reduced its overall capital expenditures spending for the year 2020, as it planned to finish only its ongoing projects; and,
- obtained lower-cost funding through bank financing to support its business operations, such as financing capital expenditures and refinancing of loans, and maintaining its cash preservation objective.

Based on the above actions and measures taken by management to mitigate the adverse effect of the pandemic, it projects that the Company would continue to report positive results of operations and would remain liquid to meet the current obligation as it falls due. Accordingly, management has not determined material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

1.4 Approval of the Consolidated Financial Statement

The consolidated financial statements of Empire East Land Holdings, Inc. and Subsidiaries (the Group) as of and for the year ended December 31, 2020 (including the comparative consolidated financial statements as of December 31, 2019 and for the years ended December 31, 2019 and 2018) were authorized for issue by the Group's Board of Directors (BOD) on April 7, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized below and in the succeeding pages. The policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), which include the availment of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) discussed in Note 2.2(c). PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board, and approved by the Philippine Board of Accountancy.

The consolidated financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Group presents all items of income, expenses and other comprehensive income in a single consolidated statement of comprehensive income.

The Group presents a third consolidated statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that have material effect on the information in the consolidated statement of financial position at the beginning of the preceding period. The related notes to the third consolidated statement of financial position are not required to be disclosed.

Day one loss arising from the remeasurement of installment real estate sales amounting to P102.1 million with zero-rated interest (see Note 6). In 2020, the Group changed its classification of Day-one losses, previously presented as part of the Finance account, as a reduction against the Real Estate Sales account. The reclassifications were made to conform to the current year's presentation and classification of accounts.

The effect of prior period reclassifications on certain line items on the consolidated statements of comprehensive income for the years ended December 31, 2019 and 2018 is presented below.

	As Previously Reported	Effect of Change in Presentation and Classification	As Restated
December 31, 2019			
Change in revenues and income :			
Real estate sales	P 4,008,907,955	(P 76,438,736)	P 3,932,469,219
Changes in costs and expenses –			
Finance costs	410,010,216	(76,438,736)	333,571,480
December 31, 2018			
Change in revenues and income :			
Real estate sales	P 3,512,542,938	(P 63,060,762)	P 3,449,482,176
Changes in costs and expenses –			
Finance costs	342,994,963	(63,060,762)	279,934,201

The reclassification did not have any significant impact on the consolidated statements of financial position and on the consolidated statements of cash flows for the years ended December 31, 2019 and 2018.

(c) Functional and Presentation Currency

These consolidated financial statements are presented in Philippine pesos, the functional and presentation currency of the Group, and all values represent absolute amounts except when otherwise indicated.

Items included in the consolidated financial statements of the Group are measured using the Group's functional currency. Functional currency is the currency of the primary economic environment in which the Group operates.

2.2 Adoption of New and Amended PFRS

(a) Effective in 2020 that are Relevant to the Group

The Group adopted for the first time the following revision to existing frameworks and amendments to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2020:

Conceptual Framework : Revised Conceptual Framework for Financial Reporting

PAS 1 and PAS 8 (Amendments)	:	Presentation of Financial Statements and Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material
PFRS 3 (Amendments)	:	Business Combinations – Definition of a Business
PFRS 7 and PFRS 9 (Amendments)	:	Financial Instruments: Disclosures and Financial Instruments – Interest Rate Benchmark Reform

Discussed below and on the succeeding page are the relevant information about these pronouncements.

(i) *Revised Conceptual Framework for Financial Reporting.* The revised conceptual framework will be used in standard-setting decisions with immediate effect. Key changes include (a) increasing the prominence of stewardship in the objective of financial reporting, (b) reinstating prudence as a component of neutrality, (c) defining a reporting entity, which may be a legal entity, or a portion of an entity, (d) revising the definitions of an asset and a liability, (e) removing the probability threshold for recognition and adding guidance on derecognition, (f) adding guidance on different measurement basis, and, (g) stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements. The application of the revised conceptual framework had no significant impact on the Group's consolidated financial statements.

(ii) PAS 1 (Amendments), *Presentation of Financial Statements,* and PAS 8 (Amendments), *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material.* The amendments provide a clearer definition of 'material' in PAS 1 by including the concept of 'obscuring' material information with immaterial information as part of the new definition, and clarifying the assessment threshold (i.e., misstatement of information is material if it could reasonably be expected to influence decisions made by primary users, which consider the characteristic of those users as well as the entity's own circumstances). The definition of material in PAS 8 has been accordingly replaced by reference to the new definition in PAS 1. In addition, amendment has also been made in other standards that contain definition of material or refer to the term 'material' to ensure consistency. The application of these amendments had no significant impact on the Group's consolidated financial statements.

(iii) PFRS 3 (Amendments), *Business Combinations – Definition of a Business.* The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. Also, the amendments will likely result in more acquisitions being accounted for as asset acquisitions. The application of these amendments had no significant impact on the Group's consolidated financial statements.

(iv) PFRS 7 (Amendments), *Financial Instruments: Disclosures, and* PFRS 9(Amendments), *Financial Instruments – Interest Rate Benchmark Reform*. The amendments clarify that an entity would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform. The application of these amendments had no significant impact on the Group's consolidated financial statements.

(b) Effective Subsequent to 2020 but not Adopted Early

There are pronouncements effective for annual periods subsequent to 2020, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Group's consolidated financial statements:

(i) PFRS 16 (Amendments), *Leases – COVID-19-Related Rent Concessions* (effective from June 30, 2020). The amendments permit lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications.

(ii) PFRS 3 (Amendments), *Business Combination – Reference to the Conceptual Framework* (effective from January 1, 2022). The amendments update an outdated reference to the Conceptual Framework in PFRS 3 without significantly changing the requirements in the standard.

(iii) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use* (effective from January 1, 2022). The amendments prohibit 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 cost of producing those items, in profit or loss.

(iv) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract* (effective January 1, 2022). The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

(v) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments, which are effective from January 1, 2022, are relevant to the Group.

   a. PFRS 9 (Amendments), *Financial Instruments – Fees in the '10 percent' Test for Derecognition of Liabilities.* The improvements clarify the fees that a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

b. Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives.* The improvement merely removes potential for confusion regarding lease incentives.

(vi) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective January 1, 2023). The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

(vii) PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely). The amendments to PFRS 10 require full recognition in the investor's financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3 between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to those sale of contributions of assets that do not constitute a business. Corresponding amendments have been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.

(c) SEC Financial Reporting Reliefs Availed by the Group

The Group has availed of several financial reporting reliefs granted by the SEC under Memorandum Circular (MC) No. 14-2018, *Philippine Interpretation Committee Question and Answer (PIC Q&A) No. 2018-12 Implementation Issues Affecting Real Estate Industry*, MC No. 3-2019, *PIC Q&A Nos. 2018-12-H and 2018-14*, and MC No. 4-2020, *Deferment of the Implementation of IFRS Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Costs) for Real Estate Industry*, relating to several implementation issues of PFRS 15, *Revenue from Contracts with Customers*, affecting the real estate industry. These MCs deferred the implementation of the relevant accounting pronouncements until December 31, 2020.

In December 2020, the SEC issued MC 34-2020, *Deferral of PIC Q&A No. 2018-12 and IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry,* providing another relief by further deferring until December 2023 the implementation of certain issues under MC No. 14-2018 and MC No. 4-2020.

Discussed below are the financial reporting reliefs availed of by the Group, including the descriptions of the implementation issues and their qualitative impacts on the consolidated financial statements. The Group opted to avail of the reliefs until the end of the deferment period as provided under the relevant MC.

Relief	Description and Implication	Deferral period
IFRIC Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry	The IFRIC concluded that any inventory (work-in-progress) for unsold units under construction that the entity recognizes is not a qualifying asset, as the asset is ready for its intended sale in its current condition (i.e., the developer intends to sell the partially constructed units as soon as it finds suitable customers and, on signing a contract with a customer, will transfer control of any work-in-progress relating to that unit to the customer). Accordingly, no borrowing costs can be capitalized on such unsold real estate inventories. Had the Group elected not to defer the IFRIC Agenda Decision, it would have the following impact on the consolidated financial statements: • interest expense would have been higher; • cost of real estate inventories would have been lower; • total comprehensive income would have been lower; • retained earnings would have been lower; and, • the carrying amount of real estate inventories would have been lower.	Originally until December 31, 2020 under MC 4-2020; further deferred until December 31, 2023 under MC 34 -2020

Relief	Description and Implication	Deferral period
PIC Q&A No. 2018-12-D, Concept of the significant financing component in the contract to sell	PFRS 15 requires that, in determining the transaction price, an entity shall adjust the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. Had the Group elected not to defer this provision of the standard, it would have an impact on the consolidated financial statement as there would have been a significant financing component when there is a difference between the POC of the real estate project and the right to the consideration based on the payment schedule stated in the contract. The Group would have recognized an interest income when the POC of the real estate project is greater than the right to the consideration and interest expense when lesser. Both interest income and expense would be calculated using the effective interest rate method. These would have affected the retained earnings, real estate sales, and profit or loss in 2020 and 2019.	Originally until December 31, 2020 under MC 4-2020; further deferred until December 31, 2023 under MC 34-2020

The SEC MCs also provided the required disclosures in the notes to the consolidated financial statements should an entity decide to avail of any relief, which include the following:

- the accounting policies applied;
- a discussion of the deferral of the subject implementation issues in the PIC Q&A;
- a qualitative discussion of the impact on the consolidated financial statements had the concerned application guidelines in the PIC Q&A been adopted; and,
- the corresponding required quantitative disclosures should any of the deferral options result into a change in accounting policy.

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:

- The consolidated financial statements are not considered to be in accordance with PFRS and should specify in the "Basis of Preparation of the Consolidated Financial Statements" section of the consolidated financial statements that the accounting framework is PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic; and,

- The auditor's report shall reflect in the opinion paragraph that the consolidated financial statements are prepared in accordance with PFRS, as modified by the application of the financial reporting reliefs issued and approved by the SEC. In addition, the external auditor shall include an Emphasis of Matter paragraph in the auditor's report to draw attention to the basis of accounting that has been used in the preparation of the consolidated financial statements.

(d) *PIC Q&As Relevant to the Real Estate Industry*

In 2020, the Philippine Interpretations Committee (PIC) has issued four PIC Q&As which are relevant to the real estate industry.

- PIC Q&A No. 2020-02, *Conclusion on PIC Q&A No. 2018-12-E: On the Treatment of Materials Delivered on Site but not yet Installed in Measuring the Progress of the Performance Obligation*

  In recognizing revenue using a cost-based input method, the cost incurred for customized materials not yet installed is to be included in the measurement of progress to properly capture the efforts expended by the Group in completing its performance obligation. In the case of uninstalled materials that are not customized, since the Group is not involved in their design and manufacture, revenue should only be recognized upon installation or use in construction. The Group does not include uninstalled materials that are not customized in determining the measure of progress; hence, the adoption of this PIC Q&A will not have a significant impact on the Group's consolidated financial statements.

- PIC Q&A No. 2020-03, *Conclusion on PIC Q&A No. 2018-12-D: On the Accounting Treatment for the Difference when the POC is Ahead of the Buyer's Payment*

  The difference when the POC is ahead of the buyer's payment can be accounted for either as a contract asset or receivable. The PIC has concluded that both views are acceptable as long as this is consistently applied in transactions of the same nature. The Group intends to continue its current treatment of accounting for the difference when the POC is ahead of the buyer's payment as a contract asset.

- PIC Q&A No. 2020-04, *Addendum to PIC Q&A 2018-12-D: Significant Financing Component Arising from Mismatch between the Percentage of Completion and Schedule of Payments*

  There is no significant financing component if the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference. Further, the Group does not need to adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception that the timing difference of the receipt of full payment of the contract price and that of the completion of the project, are expected within one year and significant financing component is not expected to be significant. The adoption of this PIC Q&A will be consistent with PIC Q&A 2018-12-D.

- PIC Q&A No. 2020-05, *Accounting for Cancellation of Real Estate Sales (PIC Q&A No. 2020-05 will supersede PIC Q&A No. 2018-14)*

  There are three acceptable approaches in accounting for sales cancellation and repossession of the property as follows:

  - repossessed property is recognized at fair value less cost to repossess;
  - repossessed property is recognized at fair value plus repossession cost; or,
  - cancellation is accounted for as a modification of the contract.

  The Group accounts for cancellation of sales contract as modification of contract, hence, the adoption of this PIC Q&A will not have significant impact on the consolidated financial statements of the Group.

2.3 Basis of Consolidation

The Group's consolidated financial statements comprise the accounts of the Company and its subsidiaries as enumerated in Note 1, after the elimination of material intercompany transactions. All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities under the Group, are eliminated in full on consolidation. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

The financial statements of subsidiaries are prepared for the same reporting period as the Company is, using consistent accounting principles.

The Company accounts for its investments in subsidiaries, associates, non-controlling interests and interests in joint ventures as follows:

(a) Investments in Subsidiaries

Subsidiaries are entities (including structured entities) over which the Company has control. The Company controls an entity when (a) it has power over the entity, (b) it is exposed, or has rights to, variable returns from its involvement with the entity, and (c) it has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date the Company obtains control.

The Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above. Accordingly, entities are deconsolidated from the date that control ceases.

The acquisition method is applied to account for acquired subsidiaries. This requires recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly in profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree, either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any existing equity interest in the acquiree over the acquisition-date fair value of identifiable net assets acquired is recognized as goodwill. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly as gain in profit or loss (see Note 2.11).

(b) *Investment in an Associate*

Associates are those entities over which the Group is able to exert significant influence but not control and which are neither subsidiaries nor interests in a joint arrangement. Investment in an associate are initially recognized at cost and subsequently accounted for using the equity method.

Acquired investment in an associate is subject to the purchase method. The purchase method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquiree at the date of acquisition. Any goodwill or fair value adjustment attributable to the Group's share in the associate is included in the amount recognized as investment in associates. All subsequent changes to the ownership interest in the equity of the associate are recognized in the Group's carrying amount of the investments. Changes resulting from the profit or loss generated by the associates are credited or charged against the Equity Share in Net Earnings (Losses) of Associates account in the Group's consolidated statement of comprehensive income.

Impairment loss is provided when there is objective evidence that the investment in an associate will not be recovered (see Note 2.19).

Changes resulting from other comprehensive income of the associate or items recognized directly in the associate's equity are recognized in other comprehensive income or equity of the Group, as applicable.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the investor resumes recognizing its share of those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognized.

Distributions received from the associates are accounted for as a reduction of the carrying value of the investment.

Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Transactions with Non-controlling Interests

The Group's transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners of the Group in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recognized in equity (i.e., revaluation reserves and other reserves). Disposals of equity investments to non-controlling interests result in gains and losses for the Group that are also recognized in equity.

When the Group ceases to have control over a subsidiary, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.
The Group holds interests in various subsidiaries with non-controlling interests as presented in Note 10.

(d) Interests in Jointly-controlled Operations

For interests in jointly-controlled operations, the Group recognizes in its consolidated financial statements the assets that it controls, the liabilities and the expenses that it incurs and its share in the income from the sale of goods or services by the joint venture. The amounts of these related accounts are presented as part of the regular asset and liability accounts and income and expenses account of the Group.

No adjustment or other consolidation procedures are required for the assets, liabilities, income and expenses of the joint venture that are recognized in the separate financial statements of the joint operators.

2.4 Financial Assets

Financial assets are recognized when the Group becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Disclosure and Presentation*. All other non-derivative financial instruments are treated as debt instruments.

(a) Classification, Measurement and Reclassification of Financial Assets

The classification and measurement of financial assets are driven by the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Currently, the classification and measurement of financial assets applicable to the Group are financial assets at amortized cost and financial assets at FVOCI.

(i) 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 financial assets in order to collect contractual cash flows ("hold to collect"); and,

- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less allowance for expected credit losses (ECL).

The Group's financial assets at amortized cost are presented in the consolidated statement of financial position as Cash and Cash Equivalents, Trade and Other Receivables (excluding Advances to suppliers and contractors and Advances to condominium associations included therein), Contract Assets and Advances to Related Parties in the consolidated statements of financial position.

Financial assets measured at amortized cost are included in current assets, except those with maturities greater than 12 months after the end of reporting period, which are classified as noncurrent assets.

For purposes of cash flows reporting and presentation, cash and cash equivalents comprise accounts with original maturities of three months or less, including cash. These generally include cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Interest income on financial assets measured at amortized cost is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The Group calculates interest income by applying the effective interest rate to the gross carrying amount of the financial assets, except for those that are subsequently identified as credit-impaired and or are purchased or originated credit-impaired assets.

For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the net carrying amount of the financial assets (after deduction of the loss allowance). If the asset is no longer credit-impaired, the calculation of interest income reverts to gross basis. For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying a credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis even if the credit risk of the asset subsequently improves.

Interest income earned is recognized in the consolidated statement of comprehensive income as part of Finance Income.

(ii) Financial Assets at FVOCI

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective is to hold to collect the associated cash flows and sell ("hold to collect and sell"); and,

- the contractual terms of the financial assets give rise to cash flows that are SPPI on the principal amount outstanding.

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Group for trading or as mandatorily required to be classified as fair value through profit or loss (FVTPL).

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value, including the foreign exchange component, are recognized in other comprehensive income, net of any effects arising from income taxes, and are reported as part of Revaluation Reserves account in equity. When the asset is disposed of, the cumulative gain or loss previously recognized in the Revaluation Reserves account is not reclassified to profit or loss but is reclassified directly to Retained Earnings account, except for those debt securities classified as FVOCI wherein cumulative fair value gains or losses are recycled to profit or loss.

Any dividends earned on holding equity instruments are recognized in the consolidated statements of income as part of Finance Income, when the Group's right to receive dividends is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and, the amount of the dividend can be measured reliably, unless the dividends clearly represent recovery of a part of the cost of the investment.

The Group can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Group is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Group's business model will take effect only at the beginning of the next reporting period following the change in the business model.

(b) Impairment of Financial Assets

At the end of the reporting period, the Group assesses and recognizes allowance for ECL on its financial assets measured at amortized cost. The measurement of ECL involves consideration of broader range of information that is available without undue cost or effort at the reporting date about past events, current conditions, and reasonable and supportable forecasts of future economic conditions (i.e., forward-looking information) that may affect the collectibility of the future cash flows of the financial assets. Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instruments evaluated based on a range of possible outcomes.

The Group applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for trade and other receivables and contract assets. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. The Group also assesses the impairment of trade receivables and contract assets as they possess shared credit risk characteristics, and have been group based on the days past due [see Note 29.2(b)].

The Group applies a general approach specifically, in relation to receivables from related parties. The maximum period over which ECL should be measured is the longest contractual period where an entity is exposed to credit risk. In the case of these receivables from related parties, which are repayable on demand, the contractual period is the very short period needed to transfer the cash once demanded. Management determines possible impairment based on the sufficiency of the related parties' highly liquid assets in order to repay the Group's receivables if demanded at the reporting date, taking into consideration the historical defaults of the related parties. If the Group cannot immediately collect its receivables, management considers the expected manner of recovery to measure ECL. If the recovery strategies indicate that the outstanding balance of advances to related parties can be collected, the ECL is limited to the effect of discounting the amount due over the period until cash is realized.

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

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

The Group determines whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life of the financial asset between the reporting date and the date of the initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that may indicate an actual or expected deterioration of the credit quality of the financial assets.

The key elements used in the calculation of ECL are as follows:

- *Probability of default* – It is an estimate of likelihood of default over a given time horizon.

- *Loss given default* – It is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Group would expect to receive, including the realization of any collateral or effect of any credit enhancement.

- *Exposure at default* – It represents the gross carrying amount of the financial instruments in the event of default which pertains to its amortized cost.

The Group recognizes an impairment loss in profit or loss for all financial instruments subject to impairment assessment with a corresponding adjustment to their carrying amount through a loss allowance account.

(c) *Derecognition of Financial Assets*

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

2.5 Real Estate Inventories

Cost of real estate inventories includes acquisition costs of raw land intended for future development, including other costs and expenses incurred to effect the transfer of the property to the Group; related property development costs; and borrowing costs on certain loans incurred during the development of the real estate properties (see Note 2.21). All costs relating to the real estate property sold under development are recognized as expense as the work to which they relate is performed. Meanwhile, all costs relating to completed real estate property sold are recognized once control of the property was transferred to the buyer.

Costs of real estate inventories are assigned using specific identification of their individual costs. These properties and projects are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to complete and the estimated costs necessary to make the sale.

The Group recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known. Any impairment loss from a real estate inventory is charged to operations during the period in which the loss is determined.

Repossessed property arising from sales cancellation is recognized at cost. The difference between the carrying amount of the receivable or contract asset to be derecognized and the cost of the repossessed property is recognized in the consolidated statement of comprehensive income.

2.6 Prepayments and Other Assets

Prepayments and other assets pertain to other resources controlled by the Group as a result of past events. They are recognized in the consolidated financial statements when it is probable that the future economic benefits will flow to the Group and the asset has a cost or value that can be measured reliably.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Group beyond one year after the end of the reporting period or in the normal operating cycle of the business, if longer, are classified as other non-current assets.

2.7 Property and Equipment

Property and equipment, except for land, are stated cost less accumulated depreciation, amortization and any impairment in value. Land is stated at cost less any impairment in value. As the land has no finite useful life, it's related carrying amount is not depreciated.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized while expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets as presented below. Leasehold improvements are amortized over the lease term or the estimated useful lives of the improvements, whichever is shorter.

Building and other improvements	5 to 25 years
Office furniture and equipment	3 to 5 years
Transportation equipment	5 years

Fully depreciated and amortized assets are retained in the accounts until they are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.19).

The residual values, estimated useful lives and method of depreciation and amortization of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property and equipment, including the related accumulated depreciation, amortization and any impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the year the item is derecognized.

2.8 Intangible Assets

Intangible assets include goodwill and acquired computer software license, which is capitalized on the basis of the costs incurred to acquire, install and service the specific software. Costs associated with maintaining computer software are expensed as incurred.

Capitalized costs of intangible assets are amortized on a straight-line basis over the estimated useful life (10 years) as the lives of these intangible assets are considered finite. Goodwill is classified as intangible asset with infinite life and, thus, not subject to amortization but requires an annual test for impairment. Goodwill is subsequently carried at cost less accumulated impairment losses. In addition, intangible assets are subject to impairment testing as described in Note 2.19.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in profit or loss.

2.9 Investment Properties

Investment properties consists of building and office and commercial units held for lease and a parcel of land held for capital appreciation. Land held for capital appreciation is measured at cost less any impairment while building and office and commercial units held for lease are stated at cost less accumulated depreciation and any impairment in value.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized while expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation for building and office and commercial units classified as investment property is computed on a straight-line basis over the estimated useful life of 20 to 50 years.

Transfers to, or from, investment properties shall be made when and only when there is a change in use or purpose for such property.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.19).

Investment properties are derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of investment properties is recognized in the consolidated statement of income in the year of retirement or disposal.

2.10 Financial Liabilities

Financial liabilities, which include Interest-bearing Loans and Borrowings, Trade and Other Payables (except tax-related liabilities), Lease liabilities, Advances from Related Parties and Other Current Liabilities (excluding Refund liability and Miscellaneous) are recognized when the Group becomes a party to the contractual terms of the instrument. All interest-related charges, except for capitalized borrowing costs, are recognized as an expense in profit or loss as part of Finance Costs account in the consolidated statement of comprehensive income.

Interest-bearing loans and borrowings are raised for support of long-term funding of operations. Finance charges, including premiums payable on settlement or redemption and direct issue costs and excluding capitalized borrowing costs, are charged to profit or loss and/or capitalized on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Trade and other payables, advances from related parties and other financial liabilities are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments. The measurement for lease liabilities is disclosed in Note 2.16(a).

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the consolidated statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

2.11 Business Combination

(a) Accounting for Business Combination using the Acquisition Method

Business acquisitions are accounted for using the acquisition method of accounting.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed (see Note 2.19).

Negative goodwill which is the excess of the Group's interest in the net fair value of net identifiable assets acquired over acquisition cost is charged directly to income.

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

If the business combination is achieved in stages, the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability are recognized in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

(b) Accounting of Business Combination using the Pooling-of-interests Method

Business combinations arising from transfers of interests in entities that are under the common control of the principal stockholder are accounted for under the pooling-of-interests method. Transfers of assets between commonly-controlled entities are accounted for under historical cost accounting; hence, the assets and liabilities are reflected in the consolidated financial statements at carrying values and no adjustments are made to reflect fair values or recognized any new assets or liabilities, at the date of the combination that otherwise would have been done under the acquisition method. No restatements are made to the financial information in the consolidated financial statements for periods prior to the business combination as allowed under PIC Q&A No. 2012-01, PFRS 3.2; *Application of the Pooling of Interests Method for Business Combinations of Entities under Common Control in Consolidated Financial Statements, (Amended by PIC Q&A No. 2015-01and PIC Q&A No. 2018-13)*; hence, the profit and loss of the acquiree is included in the consolidated financial statements for the full year, irrespective of when the combination took place. Also, no goodwill is recognized as a result of the business combination and any excess between the net assets of the acquiree and the consideration paid is accounted for as "equity reserves" (presented as Other Reserves in the equity section of the consolidated statement of financial position), which will eventually be closed to additional paid-in capital. Also, any pre-acquisition income and expenses of a subsidiary are no longer included in the consolidated financial statements.

2.12 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the consolidated statement of financial position when the Group currently has legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on a future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and, must be legally enforceable for both entity and all counterparties to the financial instruments.

2.13 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pre-tax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the consolidated financial statements. Similarly, possible inflows of economic benefits to the Group that does not yet meet the recognition criteria of an asset are considered contingent assets; hence, are not recognized in the consolidated financial statements. On the other hand, any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.14 Revenue and Expense Recognition

Revenue comprises revenue from sale of real properties, leasing activities and rendering of services.

To determine whether to recognize revenue, the Group follows a five-step process:

(a) Identifying the contract with a customer;
(b) Identifying the performance obligation;
(c) Determining the transaction price;
(d) Allocating the transaction price to the performance obligations; and,
(e) Recognizing revenue when/as performance obligations are satisfied.

The Group determines whether a contract with customer exists by evaluating whether the following gating criteria are present:

(i) the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
(ii) each party's rights regarding the goods or services to be transferred or performed can be identified;
(iii) the payment terms for the goods or services to be transferred or performed can be identified;
(iv) the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
(v) collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Group satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
- the Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

The transaction price allocated to performance obligations satisfied at a point in time is recognized as revenue when control of the goods or services transfers to the customer. If the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied.

The Group develops real properties such as house and lot and condominium units. The Group often enters into contracts to sell real properties as they are being developed. The significant judgment used in determining the timing of satisfaction of the Group's performance obligation with respect to its contracts to sell pre-completed real properties is disclosed in Note 3.1(b). Sales cancellations are charged to profit or loss on the year of forfeiture.

The specific recognition criteria of various revenue streams of the Group are as follows:

(a) *Real estate sales on pre-completed real estate properties* – Revenue from real estate sales is recognized over time proportionate to the progress of the development. The Group measures its progress based on actual costs incurred relative to the total expected costs to be incurred in completing the development. Revenue recognized from real estate sales is presented as part of Real Estate Sales account under the Revenues and Income section of the consolidated statement of comprehensive income.

(b) *Real estate sales on completed real estate properties* – Revenue from real estate sales is recognized at point in time when the control over the real estate property is transferred to the buyer. Revenue recognized from real estate sales is presented as part of Real Estate Sales account under the Revenues and Income section in the consolidated statement of comprehensive income.

    For tax reporting purposes, a modified basis of computing the taxable income for the year based on collections from sales is used by the Group.

(c) *Marketing and management fees* – Revenue is recognized over time in the same amount to which the entity has the right of invoice to the customer. Any amounts remaining unbilled at the end of the reporting period are presented in the consolidated statement of financial position as receivables as only the passage of time is required before payment of these amounts will be due.

(d) *Commission* – Revenue is recognized by the amount in which the Group has a right to invoice that corresponds directly with the value of services rendered to customers that are completed over time (i.e., end of each month).

(e) *Tuition and miscellaneous fees* – Revenue is recognized over time over the corresponding school term.

Incremental costs of obtaining a contract to sell real property to customers are recognized as an asset and are subsequently amortized over the duration of the contract on the same basis as revenue from such contract is recognized (see Note 2.15). Other costs and expenses are recognized in profit or loss upon utilization of services or receipt of goods or at the date they are incurred. Finance costs are reported on an accrual basis except for capitalized borrowing costs
(see Note 2.21).

The costs of real estate sales include the acquisition cost of the land and development costs incurred for the project (see Note 2.5).

Contract assets pertain to rights to consideration in exchange for goods or services that the Group has transferred to a customer that is conditioned on something other than passage of time. Under its contracts with customers, the Group will receive an unconditional right to payment for the total consideration upon the completion of the development of the property sold. Any rights to consideration recognized by the Group as it develops the property are presented as Contract Assets in the consolidated statement of financial position. Contract assets are subsequently tested for impairment in the same manner as the Group assesses impairment of its financial assets [see Note 2.4(c)].

Any consideration received by the Group in excess of the amount for which the Group is entitled is presented as Contract Liabilities in the consolidated statement of financial position. A contract liability is the Groups 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 the transaction does not yet qualify as sale, the deposit method is applied until all conditions for recording the sale are met. Pending the recognition of revenue on sale of real estate, consideration received from buyers is presented under the Customers' Deposits account in the liabilities section of the consolidated statement of financial position.

2.15 Direct Contract Cost

Commissions represent a certain percentage of contract price given to the real estate brokers and/or agents who handle the sales and marketing of the Group's residential and high-rise projects. Incremental costs of commission incurred to obtain contracts are capitalized and presented as Deferred commission presented under Prepayments and Other Current Assets in the consolidated statement of financial position (see Note 19.3). Commissions are charged to profit or loss proportionate to the progress of the project development and are presented as Commissions under Costs and Expenses section in the consolidated statement of comprehensive income.

2.16 Leases

The Group accounts for its leases as follows:

(a) *Group as Lessee*

For any new contracts entered into, the Group considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability in the consolidated statement of financial position. The right-of-use asset is measured as if the new standard had been applied since commencement date, but discounted using the lessee's incremental borrowing rate as at the date of initial application. Subsequently, the Group amortizes the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist (see Note 2.19).

On the other hand, the Group measures the lease liability at the present value of the fixed lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

On the consolidated statement of financial position, right-of-use assets and lease liabilities have been presented as part of Property and Equipment account and as a separate line item, respectively.

(b) Group as Lessor

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset, are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

2.17 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's products and service lines as disclosed in Note 4, which represent the main products and services provided by the Group.

Each of these operating segments is managed separately as each of these service lines requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8, *Operating Segments,* are the same as those used in its consolidated financial statements, except that post-employment benefit expense is not included in arriving at the operating profit of the operating segments.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

2.18 Foreign Currency Transactions and Translation

The accounting records of the Group are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss in the consolidated statement of comprehensive income.

2.19 Impairment of Non-financial Assets

The Group's investment in associates, property and equipment, intangible assets, investment properties, goodwill and other non-financial assets are tested for impairment. Goodwill is tested for impairment at least annually. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested for impairment either individually or at cash-generating unit level.

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

Except for goodwill, all non-financial assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash generating unit's recoverable amount exceeds its carrying amount.

2.20 Employee Benefits

The Group provides short-term benefits, post-employment benefits to employees through a defined benefit plan and certain defined contribution plans and other employee benefits which are recognized as follows:

(a) Short-term benefits

Short-term employee benefits include wages, salaries, bonuses, and non-monetary benefits provided to current employees which are expected to be settled before twelve months after the end of the annual reporting period during which employee services are rendered, but do not include termination benefits. The undiscounted amount of the benefits expected to be paid in respect of services rendered by employees in an accounting period is recognized in profit or loss during that period and any unsettled amount at the end of the reporting period is included as part of Salaries and Employee Benefits under Cost and Expenses section in the consolidated statement of comprehensive income.

(b) Post-employment Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Group, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Group's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax-qualified, non-contributory and administered by a trustee.

The liability recognized in the consolidated statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rates of a zero coupon government bonds using the reference rates published by Bloomberg using its valuation technology, Bloomberg Valuation (BVAL), that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability. BVAL provides evaluated prices that are based on the market observations from contributed sources.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in interest) are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, unless there is a plan amendment, curtailment or settlement during the reporting period. The calculation also takes into account any changes in the net defined benefit liability or asset during the period as a result of contributions to the plan or benefit payments. Net interest is reported as part of Finance Costs or Finance Income account in the consolidated statement of comprehensive income.

Past-service costs are recognized immediately in profit or loss in the period of a plan amendment and curtailment.

(c) Post-employment Defined Contribution Plans

A defined contribution plan is a post-employment plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

(d) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of each reporting period. They are included in Trade and Other Payables account in the consolidated statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

2.21 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. For financial reporting purposes, interest and other costs on certain borrowings that are attributable to the acquisition, construction or development of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of Real Estate Inventories account in the consolidated statement of financial position and consolidated statement of comprehensive income, respectively. The capitalization of borrowing costs commences when expenditures for the asset are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

For income tax purposes, interest and other borrowing costs are charged to expense when incurred.

2.22 Income Taxes

Tax expense recognized in consolidated profit or loss comprises the sum of current tax and deferred tax not recognized in consolidated other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in consolidated profit or loss.

Deferred tax is accounted for using the liability method on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred income tax asset can be utilized.

Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in the consolidated profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

2.23 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Group and its related parties, regardless of whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual; and, (d) the Group's funded retirement plan.

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

Based on the requirement of SEC Memorandum Circular 2019-10, *Rules of Material Related Party Transactions of Publicly-listed Companies*, transactions amounting to 10% or more of the total consolidated assets based on its latest consolidated financial statements that were entered into with related parties are considered material.

All individual material related party transactions shall be approved by at least two-thirds (2/3) vote of the Group's Board of Directors, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. For aggregate related party transactions within a 12-month period that breaches the materiality threshold of 10% of the Group's consolidated total assets based on the latest consolidated financial statements, the same board approval would be required for the transactions that meet and exceed the materiality threshold covering the same related party.

2.24 Earnings Per Share

Basic earnings per share (EPS) is computed by dividing net profit attributable to equity holders of the Group by the weighted average number of shares issued and outstanding, adjusted retroactively for any stock dividend, stock split or reverse stock split declared during the current period.

Diluted EPS is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of potential dilutive shares. For the years ended December 31, 2020, 2019 and 2018, the Group does not have potentially dilutive shares outstanding; hence, the diluted earnings per share is equal to the basic earnings per share.

2.25 Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital includes any premiums received on the issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Treasury stocks are stated at the cost of reacquiring such shares and are deducted from equity attributable to the Group's equity holders until the shares are cancelled, reissued or disposed of.

Revaluation reserves consist of:

(a) Accumulated actuarial gains and losses arising from remeasurements of retirements benefit obligation, net of tax;

(b) Net fair value gains or losses recognized due to changes in fair values of financial assets recognized through other comprehensive income; and,

(c) Cumulative share in other comprehensive income of associates attributable to the Group.

Other reserves pertain to the difference between the fair value of any consideration paid and the relevant share in the carrying value of a new subsidiary that was accounted for under the pooling-of-interest method.

Retained earnings represent all current and prior period results of operations as reported in the profit or loss section of the consolidated statement of comprehensive income.

2.26 Events After the End of the Reporting Period

Any post year-end event that provides additional information about the Group's financial position at the end of the reporting period (adjusting event) is reflected in the consolidated financial statements. Post year-end events that are not adjusting events, if any, are disclosed when material to the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements in accordance with PFRS requires management to make judgments and estimates that affect amounts reported in the consolidated financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately vary from these estimates.

3.1 Critical Judgments in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the judgments mentioned below and in the succeeding pages, apart from those involving estimation, which has the most significant effect on the amounts recognized in the consolidated financial statements:

(a) Determination of Lease Term of Contracts with Renewal and Termination Option

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated and the renewal of the contract is not subject to mutual agreement of both parties.

The renewal and termination option for the lease of office space was not included as part of the lease term due to the provisions in its contract that require mutual agreement of both parties on the terms and agreements of the renewal and termination of the lease contract.

The lease term is reassessed if an option is actually exercised or not exercised or the Group becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

(b) Evaluation of Timing of Satisfaction of Performance Obligations

(i) Real Estate Sales

The Group exercises significant judgment in determining whether each performance obligation to develop properties promised in its contracts with customers is satisfied over time or at a point in time. In making this judgment, the Group considers the factors enumerated below.

- any asset created or enhanced as the Group performs;
- the ability of the customer to control such asset as it is being created or enhanced;
- the timing of receipt and consumption of benefits by the customer; and,
- the Group's enforceable right for payment for performance completed to date.

The Group determines that its performance obligation for pre-completed real estate inventories is satisfied over time, while its performance obligation for completed real estate inventories is satisfied at a point in time, since it does not have an alternative use of the specific property sold as it is precluded by its contract from redirecting the use of the property for a different purpose. Further, the Group has rights over payment for development completed to date as the Group can choose to complete the development and enforce its rights to full payment under its contracts even if the customer defaults on amortization payments.

(ii) Marketing, Management Fees and Commission

The Group determines that its revenue from marketing, management fees and commission shall be recognized over time. In making its judgment, the Group considers the timing of receipt and consumption of benefits provided by the Group to the customers. The Group applies the practical expedient to recognize revenue at the amount to which it has a right to invoice, which corresponds directly to the value to the customer of the entity's performance completed to date i.e., generally when the customer has acknowledged the Group's right to invoice.

(iii) Tuition fees

The Group determines that its revenue from tuition fees shall be recognized over time. In making its judgment, the Group considers the timing of receipt and consumption of benefits provided by the Group to the counterparties. The Group renders services without the need for reperformance of other companies. This demonstrates that the counterparties simultaneously receive and consume the benefits of the Group's rendering of services as it performs.

(c) Estimation of Collection Threshold for Revenue Recognition

The Group uses judgment in evaluating the probability of collection of contract price on real estate sales as a criterion for revenue recognition. The Group uses historical payment pattern of customers in establishing a percentage of collection threshold over which the Group determines that collection of total contract price is reasonably assured.

(d) Determination of ECL on Trade and Other Receivables, Contract Assets and Advances to Related Parties

The Group uses a provision matrix to calculate ECL for trade receivables, contract assets and other receivables. The provision rates are based on days past due for groups of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is based on the Group's historical observed default rates. The Group's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions).

With respect to advances to related parties and other related party receivables, the Group uses the liquidity approach as the receivables are collectible on demand.

Details about the ECL on the Group's trade and other receivables, contract assets and advances to related parties are disclosed in Notes 2.4(b) and 29.2.

(e) Distinction Among Investment Property and Owner-managed Properties

The Group determines whether a property qualifies as investment property or property and equipment. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to other assets used in the production or supply process while land held for future development are properties intended solely for future development and sale.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease), the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

Based on management's assessment, properties held for lease and for capital appreciation qualifies as investment property.

(f) Distinction Between Real Estate Inventories and Investment Property

Inventories comprise properties that are held for sale in the ordinary course of business. Meanwhile, investment properties comprise of land and buildings which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. The Group considers management's use over these assets in making its judgment.

(g) Distinction Between Operating and Finance Leases

The Group has entered into various lease agreements as either a lessor or lessee. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

Based on management's assessment, all of the Group's lease agreements are classified as operating leases.

Distinction between operating and finance leases is applicable only to lease agreements as a lessor. All leases entered into as a lessee, except for those qualified under the optional exemptions as provided by the standard, are required to be recognized on-balance sheet.

(h) Distinction Between Asset Acquisition and Business Combinations

The Group acquires subsidiaries that own real estate properties. At the time of acquisition, the Group considers whether the acquisition represents the acquisition of a business. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made with regard to the extent to which significant processes are acquired and, in particular, the extent of ancillary services provided by the Group (e.g., maintenance, cleaning, security, bookkeeping, hotel services, etc.). The significance of any process is judged with reference to the guidance in PAS 40 on ancillary services.

In 2018, the Group acquired de facto control over PCMI as described in Note 1.2. The acquisitions are accounted for as business combinations.

(i) Consolidation of Entities in which the Group Holds 50% or Less

Management considers that the Group has de facto control over PCMI even though it holds less than 50% of the ordinary shares and voting rights in that subsidiary. The Group considers its ability to exercise control over these entities through voting rights held by its subsidiaries or through interlocking directors.

(j) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.13 and disclosures on relevant contingencies are presented in Note 28.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) Determination of Appropriate Discount Rate in Measuring Lease Liabilities

The Group measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Group's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(b) Revenue Recognition for Performance Obligation Satisfied Over Time

In determining the amount of revenue to be recognized for performance obligations satisfied over time, the Group measures progress on the basis of actual costs incurred relative to the total expected costs to complete such performance obligations. Specifically, the Group estimates the total development costs with reference to the project development plan and any agreement with customers. Management regularly monitors its estimates and applies changes as necessary. A significant change in estimated costs would result in a significant change in the amount of revenue recognized in the year of change.

(c) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of counterparties defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 2.4(b).

(d) Determination of Net Realizable Value of Real Estate Inventories

In determining the net realizable value of real estate inventories, management takes into account the most reliable evidence available at the times the estimates are made. The future realization of the carrying amounts of these assets is affected by price changes in the different market segments as well as the trends in the real estate industry. These are considered key sources of estimation uncertainty and may cause significant adjustments to the Group's Inventories within the next reporting period.

Considering the Group's pricing policy, the net realizable value of the Real Estate Inventories is higher than their related carrying values as of the end of the reporting periods.

(e) Estimation of Useful Lives of Property and Equipment, Intangible Assets, and Investment Properties

The Group estimates the useful lives of property and equipment, intangible assets, and investment properties based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The carrying amounts of property and equipment, intangible assets, and investment properties are analysed in Notes 11, 12 and 13, respectively. Based on management's assessment as at December 31, 2020 and 2019, there is no change in estimated useful lives of property and equipment, and investment property during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(f) Determination of Realizable Amount of Deferred Tax Assets

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the balance of deferred tax assets recognized as at December 31, 2020 and 2019 will be utilized in the succeeding years.

The carrying values of the Group's deferred tax assets as of December 31, 2020 and 2019 are disclosed in Note 24.2.

(g) Impairment of Goodwill and Other Non-financial Assets

Goodwill is reviewed annually for impairment while other non-financial assets are tested whenever certain impairment indicators become present. In assessing impairment, the management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. Also, the Group's policy on estimating the impairment of goodwill and other non-financial assets is discussed in detail in Note 2.19.

Material amount of goodwill amounting to P77.3 million arising from the acquisition of LBASSI has been tested for impairment. The recoverable amount of cash generating units assigned to LBASSI amounted to P168.3 million and P169.2 million in 2020 and 2019, respectively, and is determined using a cash flow projection covering a five-year period with growth rate of 5% and an average discount rate of 2% in 2020 and growth rate of 6% and an average discount rate of 4% in 2019. The discount rates and growth rate are the key assumptions used by management in determining the recoverable amount of cash generating units. Management believes that the key assumptions used are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse effect on the results of operations. Management has also determined that a reasonably possible change in these key assumptions would not cause the carrying amount of the cash generating unit exceed their respective recoverable amounts. Based on management's assessment, no impairment loss needs to be recognized on goodwill since the recoverable amount of the cash generating units is greater than their carrying amount in both years presented (see Note 1).

No impairment losses were recognized on advances to landowners and joint ventures, investment in an associate, property and equipment, intangible assets, investment properties, and other non-financial assets in 2020, 2019 and 2018 (see Notes 9, 10, 11, 12 and 13).

(h) Valuation of Post-employment Defined Benefit

The determination of the Group's obligation and cost of post-employment benefit is dependent on the selection of certain assumptions used by an actuary in calculating such amounts. Those assumptions include, among others, discount rates and salary increase rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the retirement benefit obligation in the next reporting period.

The amounts of retirement benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefits, as well as the significant assumptions used in estimating such obligation are presented in Note 23.2.

(i) Determination of Fair Value of Investment Properties

Investment properties are measured using the cost model. The Group determines the fair values of building and building improvements using either thru the discounted cash flows valuation technique (income approach) or market based valuation technique (market approach). The Group uses assumptions that are mainly based on market conditions existing at the end of each reporting period, such as: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and, appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Group and those reported by the market. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

For land, the Company determines the fair value using market-based valuation approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property.

A significant change in these elements may affect prices and the value of the assets. The fair value of investment properties is disclosed in Note 31.4.

4. SEGMENT INFORMATION

4.1 Business Segments

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group is engaged in the development and marketing of mid-cost housing projects in the form of condominium communities, subdivision lots and house and lot packages, and commercial units to a limited extent. It classifies and monitors its projects into high-rise and horizontal. High-rise projects refer to condominiums and other medium scale properties while the horizontal projects refer to house and lot packages, and subdivision lots. Both are intended for middle income market.

4.2 Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist principally of operating receivables, contract assets and real estate inventories. Excluded from segment assets are cash and cash equivalents, advances to related parties, prepayments, advances to landowners and joint ventures, investments in an associate, property and equipment, intangible assets, investment properties and other assets which are considered corporate assets and are not allocated to any segment's assets.

Segment liabilities include all operating liabilities incurred by management in each particular segment and consist principally of contract liabilities and customers' deposits. Excluded from segment liabilities are interest-bearing loans and borrowings, trade and other payables, lease liabilities, advances from related parties, deferred tax liabilities and retirement benefit obligation as the Group's management determined that these accounts are not directly related to the Group's segment.

4.3 Intersegment Transactions

There are no intersegment transactions. In case of inter-segment sales and transfers, the Group generally accounts for them as if the sales or transfers were made to third parties at current market prices. Intersegment sales and transfers, if any, are eliminated in the preparation of the consolidated financial statements.

4.4 Analysis of Segment Information

The tables presented in the succeeding pages present the revenue and profit information for the years ended December 31, 2020, 2019 and 2018 and certain asset and liability information regarding segments as at December 31, 2020, 2019 and 2018.

	High Rise Projects 2020	High Rise Projects 2019	High Rise Projects 2018	Horizontal Projects 2020	Horizontal Projects 2019	Horizontal Projects 2018	Total 2020	Total 2019	Total 2018
REVENUES									
Real estate sales	**P 4,121,674,336**	P 3,594,313,181	P 3,281,222,293	**P 140,417,744**	P 338,156,038	P 168,259,883	**P 4,262,092,080**	P 3,932,469,219	P 3,449,482,176
Finance income	**75,709,547**	59,796,957	54,852,121	**14,205,713**	6,524,916	25,083,355	**89,915,260**	66,321,873	79,935,476
Rental income	**11,994,865**	30,939,469	67,889,780	**-**	-	-	**11,994,865**	30,939,469	67,889,780
Commission and other income	**111,344,448**	203,279,317	221,260,381	**12,288,871**	9,481,959	37,351,746	**123,633,319**	212,761,276	258,612,127
	4,320,723,196	3,888,328,924	3,625,224,575	**166,912,328**	354,162,913	230,694,984	**4,487,635,524**	4,242,491,837	3,855,919,559
COSTS AND OTHER OPERATING EXPENSES									
Cost of real estate sales	**2,473,145,096**	2,017,198,214	1,989,219,750	**64,031,799**	175,016,095	69,009,125	**2,537,176,895**	2,192,214,309	2,058,228,875
Rentals	**3,493,877**	24,159,601	99,243,761	**3,759**	157,920	960,553	**3,497,636**	24,317,521	100,204,314
Commissions	**275,131,527**	279,420,341	77,616,710	**9,080,480**	20,410,340	14,591,852	**284,212,007**	299,830,681	92,208,562
Advertising and promotion	**185,121,584**	210,170,540	75,119,172	**7,369,175**	16,912,080	12,973,989	**192,490,759**	227,082,620	88,093,161
Taxes and licenses	**22,517,959**	44,661,600	34,248,502	**11,051,762**	9,213,755	14,035,500	**33,569,721**	53,875,355	48,284,002
Association dues	**95,156,461**	76,313,602	43,603,112	**7,134,462**	2,688,230	7,624,153	**102,290,923**	79,001,832	51,227,265
Salaries and employee benefits	**1,353,073**	2,946,608	3,251,311	**34,870**	126,738	185,289	**1,387,943**	3,073,346	3,436,600
Travel and transportation	**3,092**	194,996	-	**67,464**	142,449	-	**70,556**	337,445	-
Other expenses	**59,383,830**	697,849,454	23,792,173	**7,762,734**	8,202,832	9,211,909	**67,146,564**	68,184,998	33,004,082
Cost and other operating expenses excluding depreciation and amortization	**3,115,306,499**	2,715,047,668	2,346,094,491	**106,536,505**	232,870,439	128,592,370	**3,221,843,004**	2,947,918,107	2,474,686,861
Depreciation and amortization	**225,558**	345,562	582,500	**-**	8,887	18,096	**225,558**	354,449	600,596
	3,115,532,057	2,715,393,230	2,346,676,991	**106,536,505**	232,879,326	128,610,466	**3,222,068,562**	2,948,272,556	2,475,287,457
SEGMENT OPERATING PROFIT	**P 1,205,191,139**	P 1,172,935,694	P 1,278,547,584	**P 60,375,823**	P 121,283,587	P 102,084,518	**P 1,265,566,962**	P 1,294,219,281	P 1,380,632,102
SEGMENT ASSETS AND LIABILITIES									
Segment assets	**P 23,889,201,226**	P 24,297,127,389	P 23,397,139,895	**P 7,188,329,385**	P 7,333,417,274	P 7,585,869,596	**P 31,077,530,611**	P 31,630,544,663	P 30,983,009,491
Segment liabilities	**4,892,259,636**	4,309,464,596	3,173,846,164	**303,766,808**	328,121,410	313,724,708	**5,196,026,444**	4,637,586,006	3,487,570,872

4.5 Reconciliations

Presented below is a reconciliation of the Group's segment information to the key financial information presented in its consolidated financial statements.

	2020	2019	2018
Revenues			
Total segment revenues	**P 4,487,635,524**	P 4,242,491,837	P 3,855,919,559
Unallocated revenues:			
Finance income	**250,631,687**	229,080,549	210,246,230
Commission income	**90,004,074**	134,220,853	112,516,507
Rental income from investment property	**66,561,838**	123,531,564	43,230,712
Other income	**215,522,337**	412,089,940	158,095,341
	622,719,936	898,922,906	524,088,790
Revenues as reported in the consolidated statements of comprehensive income	**P 5,110,355,460**	P 5,141,414,743	P 4,380,008,349
Profit or loss			
Segment operating profit	**P 1,265,566,962**	P 1,294,219,281	P 1,380,632,102
Other unallocated income	**622,719,936**	898,922,906	524,088,790
Other unallocated expenses	**(1,363,344,571)**	(1,577,578,874)	(1,369,564,372)
Net profit as reported in the consolidated statements of comprehensive income	**P 524,942,327**	P 615,563,313	P 535,156,520
Assets			
Segment assets	**P31,077,530,611**	P31,630,544,663	P30,983,009,491
Unallocated assets:			
Cash and cash equivalents	**2,129,720,752**	1,145,332,574	1,816,898,287
Trade and other receivables-net	**4,311,174,499**	4,225,749,275	3,408,049,057
Advances to related parties	**4,428,734,137**	4,122,109,792	2,927,206,315
Prepayments and other current assets	**714,844,084**	686,408,889	581,459,609
Financial asset at FVOCI	**1,193,560,000**	1,312,916,000	1,339,940,000
Advances to landowners and joint ventures	**226,428,530**	226,304,025	142,458,052
Investment in associate	**275,482,240**	282,074,777	285,905,713
Property and equipment - net	**251,102,397**	378,706,446	248,967,253
Investment property - net	**671,138,058**	699,156,607	727,175,156
Intangible assets - net	**122,100,528**	127,572,249	133,043,970
Other non-current assets	**5,190,893**	5,190,893	6,078,833
	14,329,476,118	13,211,521,527	11,617,182,245
Total assets as reported in the consolidated statements of financial position	**P45,407,006,729**	P44,842,066,190	P42,600,191,736

	2020	2019	2018
Liabilities			
Segment liabilities	**P 5,196,026,444**	P 4,637,586,006	P 3,487,570,872
Unallocated liabilities:			
Interest-bearing loans and borrowings	**1,183,333,352**	1,416,666,685	2,056,736,482
Trade and other payables	**1,196,578,156**	1,674,530,611	1,786,066,286
Customers' deposits	**325,693,269**	385,828,682	22,753,104
Lease liabilities	**59,644,201**	159,098,877	-
Advances from related parties	**5,237,759,982**	4,776,873,636	4,578,102,879
Income tax payable	**-**	45,934	41,594
Other current liabilities	**773,553,870**	813,113,986	728,469,012
Retirement benefit obligation	**201,252,634**	345,782,326	305,283,627
Deferred tax liabilities - net	**2,212,214,170**	2,028,814,391	1,940,078,073
	11,190,029,634	11,600,755,128	11,417,531,057
Total liabilities as reported in the consolidated statements of financial position	**P16,386,056,078**	P16,238,341,134	P14,905,101,929

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as of December 31:

	2020	2019
Cash on hand and in banks	**P 1,877,435,742**	P 914,319,817
Short-term placements	**252,285,010**	231,012,757
	P 2,129,720,752	P 1,145,332,574

Cash in banks generally earns interest based on the daily bank deposit rates.

Peso-denominated short-term placements are made for varying periods of up to 36 days in 2020, 2019 and 2018 and earn annual effective interest ranging from 0.13% to 3.30% in 2020, 0.75% to 6.50% in 2019, and 0.30% to 6.50% in 2018. Dollar-denominated short-term placements are made for varying periods of up to 34 days in 2020, 31 days in 2019, and 32 days in 2018 and earn annual effective interest ranging from 0.05% to 1.44% in 2020, 0.90% to 2.00% in 2019, 0.40% to 2.30% in 2018 (see Note 22.1).

6. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	Notes	**2020**	2019
Current:			
Trade receivables	25.2	**P 3,765,957,755**	P 3,180,607,874
Advances to suppliers and contractors		**2,374,961,651**	2,463,277,875
Rent receivable	25.2	**383,910,377**	389,859,853
Advances to condominium associations		**260,412,500**	207,839,747
Interest receivable	25.3	**75,195,893**	122,596,583
Management fee receivable	25.2	**79,049,055**	56,405,517
Others		**502,889,331**	460,174,091
		7,442,376,562	6,880,761,540
Allowance for impairment		**(203,622)**	(207,852)
		7,442,172,940	6,880,553,688
Non-current:			
Trade receivables		**2,018,905,970**	1,675,203,475
Refundable security deposits		**114,005,324**	112,093,619
		2,132,911,294	1,787,297,094
		P9,575,084,234	P 8,667,850,782

The Group's trade and other receivables are subjected to credit risk. Based on management's assessments, all receivables were found to be collectible.

A reconciliation of the allowance for impairment on current trade and other receivables at the beginning and end of 2020 and 2019 is shown below.

	2020	2019
Balance at beginning of year	**P 207,852**	P 244,711
Write-off during the year	**-**	(8,390)
Recovery of accounts previously provided with allowance	**(4,230)**	(28,469)
Balance at end of year	**P 203,622**	P 207,852

Trade receivables of the Group are either interest-bearing or noninterest-bearing. The installment period of interest-bearing sales contracts ranges from 2 to 15 years while interest ranges from 8% to 22%. The related interest earned on these sales contracts amounting to P13.5 million in 2020, P3.3 million in 2019, and P11.6 million in 2018 are reported as part of Finance Income account in the consolidated statements of comprehensive income (see Note 22.1).

The installment period of noninterest-bearing sales contracts ranges from three to five years with an imputed interest of 4.75% in 2020 and 5.63% in 2019. Noninterest-bearing trade receivables are measured at amortized cost using the effective interest method based on the interest rate of comparable financial instruments in the market. Day-one loss amounting to P102.1 million in 2020, P76.4 million in 2019, and P63.1 million in 2018 are presented as a deduction against the Real Estate Sales account in the consolidated statements of comprehensive income. Amortization of day-one loss amounting to P76.4 million in 2020, P63.1 million in 2019 and P85.5 million in 2018 are presented as part of Finance Income account in the consolidated statements of comprehensive income (see Note 22.1).

Advances to suppliers and contractors represent downpayments made by the Group to the suppliers and contractors based on a certain percentage of the contract price, construction materials purchased by the Group that is used by the contractors, and utility consumption that are chargeable to contractors. The initial payment will eventually be recouped or deducted from the amount payable of the Group either on a pro-rated basis or in full once billed by the suppliers and contractors.

Advances to condominium associations represent the Group's payment for the initial operations of the start-up association of a completed project. The purpose of these advances is mainly for the charges of utilities, real property taxes, licenses and management fee.

Refundable security deposits include various deposits to third parties for electrical, internet subscription, exhibits and other utilities, and equipment needed in the development of the projects. All deposits, except for deposits to an electric Group, do not earn interest. Such deposits are only refundable upon completion of the projects or upon return of the equipment used. However, the exact date or period of completion of projects or return of equipment is indeterminable. Accordingly, refundable deposits are accounted for at cost.

Other receivables, both current and non-current, include advances to joint ventures for processing of business permits and licenses, and unliquidated advances from employees and real estate consultants.

7. REAL ESTATE INVENTORIES

The Group's real estate inventories at the end of 2020 and 2019 were stated at cost. The composition of this account as at December 31 is shown below (see Note 20).

	2020	2019
Residential and condominium units for sale	**P 16,401,984,574**	P18,226,741,357
Raw land inventory	**5,135,063,687**	5,121,365,396
Property development costs	**1,887,796,935**	1,888,457,824
	P 23,424,845,196	P25,236,564,577

7.1 Residential and Condominium Units for Sale

This account represents the accumulated costs incurred, net of recognized cost of real estate sales in the consolidated statements of comprehensive income (see Note 20), on house and lots and condominium units available for sale. The subdivision houses include houses that are ready for occupancy, house models and units under construction.

The total borrowing costs capitalized to this account amounted to P35.1 million, P83.1 million, and P117.7 million in 2020, 2019 and 2018, respectively (see Note 14).

No property is used as a security for the Group's interest bearing loans and borrowings for the year ended December 31, 2020 and 2019.

7.2 Property Development Costs

This account pertains to accumulated costs incurred on projects which are not yet offered for sale as of the end of the reporting periods.

7.3 Net Realizable Value

Based on management assessment the net carrying amounts of these assets are lower than their net realizable values considering the present market rates; hence, no provisions for write-down of real estate inventories have been recognized in the consolidated financial statements.

8. FINANCIAL ASSETS AT FVOCI

The movements in the carrying amounts of financial assets at FVOCI as of December 31 are as follows:

	2020	2019
Balance at beginning of year	**P 1,312,916,000**	P 1,339,940,000
Fair value losses	**(119,356,000)**	(27,024,000)
Balance at end of year	**P 1,193,560,000**	P 1,312,916,000

Financial assets at FVOCI pertain to investments held by EPHI in equity securities of the ultimate parent company, whose shares are listed in the PSE. The fair value of these securities has been determined directly by reference to published prices in an active market. The fair value of these investments as of December 31, 2020 and 2019, is categorized as Level 1 in the fair value hierarchy (see Note 31.2).

The net accumulated fair value gains or losses in financial assets at FVOCI are shown as part of Revaluation Reserves account in the equity section of the consolidated statements of financial position (see Note 26.4).

Dividend income earned amounted to P5.6 million in 2020 and P11.3 million in 2018 and is presented as Dividend income under Finance Income in the consolidated statements of comprehensive income (see Note 22.1). There was no dividend income earned in 2019.

9. ADVANCES TO LANDOWNERS AND JOINT VENTURES

The cash advances made by the Group relate to a number of joint venture agreements entered into with landowners covering the development of certain parcels of land. The joint venture agreements stipulate that the Group's joint venture partners shall contribute parcels of land and the Group shall be responsible for the planning, conceptualization, design, demolition of existing improvements, construction, financing and marketing of condominium units to be constructed on the properties. Costs incurred by the Group for these projects are recorded as part of Real Estate Inventories account in the consolidated statements of financial position (see Note 7). In addition to providing specified portion of the total project development costs, the Group also commits to advance mutually agreed-upon amounts to the landowners which will then be used for purposes such as reconsolidation/separation/subdivision of mother titles and relocation of existing occupants. Repayments of these advances may be made upon completion of the project development either in the form of residential condominium, commercial units or developed lots corresponding to the landowners' share in the projects or in the form of cash to be derived from the sales of the landowners' share in the saleable lots and residential condominium units.

The reconciliation of advances to landowners and joint ventures as of December 31 are as follows:

	2020	2019
Advances to landowners:		
Balance at beginning of year	**P 121,801,386**	P 37,000,029
Additional advances	**108,005**	84,801,357
Balance at end of year	**121,909,391**	121,801,386
Advances to joint ventures:		
Balance at beginning of year	**104,502,639**	105,458,023
Collections	**-**	(968,584)
Additional advances	**16,500**	13,200
Balance at end of year	**104,519,139**	104,502,639
	P 226,428,530	P 226,304,025

The Group commits to developing the properties based on the terms agreed with the joint venture partners. The Group has no existing commitment for cash advances under the joint venture agreements as this commitment has been fully complied with by the Group as of December 31, 2020 and 2019.

The net commitment for construction expenditures amounts to:

	2020	2019
Total commitment for construction expenditures	**P 10,304,770,365**	P 10,304,770,365
Total expenditures incurred	**(8,961,954,154)**	(8,802,552,361)
Net commitment	**P 1,342,816,211**	P 1,502,218,004

The Group's interest in jointly controlled operations and projects ranges from 55% to 82% in 2020 and 2019. The Group's jointly controlled projects are as follows:

- Pioneer Woodlands
- San Lorenzo Place
- Various Metro Manila and Calabarzon projects

As of December 31, 2020 and 2019, the Group has neither other material contingent liabilities with regard to these joint ventures.

10. INVESTMENT IN AN ASSOCIATE AND TRANSACTIONS WITH NON-CONTROLLING INTERESTS

The components of investments in associate as of December 31 are as follows:

	2020	2019
Investments in associate – at equity		
Balance at end of year	**P 293,960,618**	P 293,960,618
Accumulated equity in net losses:		
Balance at beginning of year	**(11,885,841)**	(8,054,905)
Equity share in net losses for the year	**(6,592,537)**	(3,830,936)
Balance at end of year	**(18,478,378)**	(11,885,841)
	P 275,482,240	P 282,074,777

10.1 Summarized Financial Information

The aggregated amounts of assets, liabilities, revenues and net income (loss) of GPMAI as of December 31 are as follows:

	Current Assets	Non-current Assets	Current Liabilities	Non-current Liabilities	Revenues	Net Income (Loss)
2020	**P 576,960,286**	**P 16,715,788**	**P 12,039,635**	**P -**	**P 2,752,167**	**(P 3,819,796)**
2019	580,904,849	16,603,383	12,051,997	-	7,624,319	2,402,820

The reconciliation of the above summarized information to the carrying amount of the interest in GPMAI is as follows:

	2020	2019
Net assets at end of year	**P 581,636,439**	P 585,456,235
Share of GPMAI in net asset of MCPI	**(67,586,767)**	(57,489,449)
	514,049,672	527,966,786
Equity ownership interest	**47.37%**	47.37%
	243,505,330	250,097,867
Nominal goodwill	**31,976,910**	31,976,910
Balance at end of year	**P 275,482,240**	P 282,074,777

As of December 31, 2020 and 2019, there are no available fair values for these investments in associate as they are not listed in stock markets.

Based on the assessment of the management, the investment in an associate is not impaired due to the active efforts of the Group to raise funds in order to push through with the associate's projects.

10.2 Subsidiaries with Material Non-controlling Interest

The subsidiaries with material non-controlling interest (NCI) are shown below.

Name	Proportion of Ownership Interest and Voting Rights Held by NCI 2020	2019	Subsidiary's Consolidated Profit (Loss) Allocated to NCI 2020	2019	Accumulated Equity of NCI December 31, 2020	December 31, 2019
LBASSI	**27.50%**	27.50%	**(P 673,427)**	P 1,150,045	**P 80,304,045**	P 80,977,476
SPLI	**40.00%**	40.00%	**(72,039)**	(81,521)	**542,457,533**	542,529,572
PCMI	**60.00%**	60.00%	**(5,956,814)**	(7,527,084)	**2,182,869,399**	2,188,826,213

The summarized financial information of LBASSI, SPLI, and PCMI before intragroup eliminations is shown below.

	LBASSI 2020	LBASSI 2019	SPLI 2020	SPLI 2019	PCMI 2020	PCMI 2019
Current asset	**P 30,111,663**	P 24,999,194	**P 512,032,920**	P 512,008,159	**P2,830,309,477**	P2,840,237,499
Non-current asset	**131,153,694**	136,407,119	**-**	-	**816,261,150**	816,261,150
Total asset	**P 161,265,357**	P 161,406,313	**P 512,032,920**	P 512,008,159	**P3,646,570,627**	P 3,656,498,649
Current liabilities	**P 19,454,437**	P 18,462,920	**P 22,587,295**	P 22,382,437	**P 8,454,960**	P 8,454,960
Non-current liabilities	**19,567,073**	18,250,720	**-**	-	**-**	-
Total liabilities	**P 39,021,510**	P 36,713,640	**P 22,587,295**	P 22,382,437	**P 8,454,960**	P 8,454,960
Equity	**P 122,243,847**	P 124,692,673	**P 489,445,625**	P 489,625,722	**P3,638,115,667**	P 3,684,043,689
Revenues	**P 37,289,624**	P 52,091,228	**P -**	P -	**P -**	P 24,717
Net profit (loss)	**(P 1,680,171)**	P 4,181,981	**(P 180,097)**	(P 203,802)	**(P 9,928,022)**	(P 12,545,140)
Other comprehensive Income (loss)	**(P 768,655)**	P 689,818	**P -**	P -	**P -**	P -
Net cash from (used) in operating activities	**P 8,444,094**	P 8,593,160	**(P 200,246)**	(P 16,932)	**(P 177,591)**	(P1,239,981,227)
Net cash from (used) in investing activities	**(1,682,868)**	(3,027,686)	**-**	-	**-**	-
Net cash from (used) in financing activities	**(1,681,119)**	(20,307,025)	**204,858**	13,213	**-**	1,240,000,000
Net cash inflow(outflow)	**P 5,080,107**	(P 14,741,551)	**P 4,612**	(P 3,719)	**(P 177,591)**	P 18,773

In 2020 and 2019, LBASSI, SPLI, and PCMI have not declared nor paid any dividends.

10.3 Contingent Liabilities

As of December 31, 2020 and 2019, the Group has no contingent liabilities for subsidiaries and associate which were incurred jointly with other investors and the Group is not severally liable for all or part of the contingent liabilities of the subsidiaries and associate.

Based on management's assessment, the Group's investment in an associate are not impaired due to the active efforts of the Group to fund their respective operations.

10.4 Interests in Unconsolidated Structured Entities

The Group has no interests in unconsolidated structured entities.

11. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of items of property and equipment at the beginning and end of 2020 and 2019 are shown below.

	Land	Building and Other Improvements	Leasehold Improvements	Transportation Equipment	Office Furniture and Equipment	Right-of-use Asset	Total
December 31, 2020							
Cost	P 81,095,000	P 92,464,582	P 165,678,198	P 77,392,627	P 167,597,918	P 78,213,618	P 662,441,943
Accumulated depreciation and amortization	-	(48,226,018)	(98,006,043)	(69,070,481)	(156,930,197)	(39,106,807)	(411,339,546)
Net carrying amount	**P 81,095,000**	**P 44,238,564**	**P 67,672,155**	**P 8,322,146**	**P 10,667,721**	**P 39,106,811**	**P 251,102,397**
December 31, 2019							
Cost	P 81,095,000	P 90,984,582	P 160,354,509	P 76,669,313	P 166,226,648	P 193,481,098	P 768,811,150
Accumulated depreciation and amortization	-	(44,009,365)	(87,290,168)	(63,417,487)	(147,017,409)	(48,370,275)	(390,104,704)
Net carrying amount	P 81,095,000	P 46,975,217	P 73,064,341	P 13,251,826	P 19,209,239	P 145,110,823	P 378,706,446
January 1, 2019							
Cost	P 81,095,000	P 90,602,266	P 158,462,701	P 77,116,750	P 156,555,858	P -	P 563,832,575
Accumulated depreciation and amortization	-	(40,375,354)	(77,074,831)	(60,314,585)	(137,100,552)	-	(314,865,322)
Net carrying amount	P 81,095,000	P 50,226,912	P 81,387,870	P 16,802,165	P 19,455,306	P -	P 248,967,253

A reconciliation of the carrying amounts at the beginning and end of 2020, 2019 and 2018 is shown below.

	Land	Building Other and Improvements	Leasehold Equipment	Transportation Equipment	Office Furniture and Equipment	Right-of-use Asset	Total
Balance at January 1, 2020, net of accumulated depreciation, amortization, and impairment	P 81,095,000	P 46,975,217	P 73,064,341	P 13,251,826	P 19,209,239	P 145,110,823	P 378,706,446
Additions	-	1,480,000	5,323,689	793,750	1,371,270	-	8,968,709
Derecognition of Right of use Asset	-	-	-	-	-	(115,267,479)	(115,267,479)
Disposals	-	-	-	(70,436)	-	-	(70,436)
Depreciation and amortization charges for the year	-	(4,216,653)	(10,715,875)	(5,652,994)	(9,912,788)	(45,968,868)	(76,467,178)
Derecognition of Accumulated depreciation	-	-	-	-	-	55,232,335	55,232,335
Net carrying amount	**P 81,095,000**	**P 44,238,564**	**P 67,672,155**	**P 8,322,146**	**P 10,667,721**	**P 39,106,811**	**P 251,102,397**
Balance at January 1, 2019, net of accumulated depreciation, amortization, and impairment							
As previously stated	P 81,095,000	P 50,226,912	P 81,387,870	P 16,802,165	P 19,455,306	P -	P 248,967,253
Effect of PFRS 16 adoption	-	-	-	-	-	193,481,098	193,481,098
As restated	81,095,000	50,226,912	81,387,870	16,802,165	19,455,306	193,481,098	442,448,351
Additions	-	382,316	1,891,808	2,192,108	9,670,790	-	14,137,022
Depreciation and amortization charges for the year	-	(3,634,011)	(10,215,337)	(5,742,447)	(9,916,857)	(48,370,275)	(77,878,927)
Net carrying amount	P 81,095,000	P 46,975,217	P 73,064,341	P 13,251,826	P 19,209,239	P 145,110,823	P 378,706,446
Balance at January 1, 2018, net of accumulated depreciation, amortization, and impairment	P 81,095,000	P 45,335,500	P 36,617,101	P 18,160,216	P 16,935,355	P -	P 198,143,172
Additions	-	8,207,925	55,394,144	4,470,141	11,422,861	-	79,495,071
Disposals	-	-	-	(273,978)	-	-	(273,978)
Write-off	-	-	-	(230,875)	-	-	(230,875)
Depreciation and amortization charges for the year	-	(3,316,513)	(10,623,375)	(5,323,339)	(8,902,910)	-	(28,166,137)
Net carrying amount	P 81,095,000	P 50,226,912	P 81,387,870	P 16,802,165	P 19,455,306	P -	P 248,967,253

The amount of depreciation and amortization of property and equipment is presented as part of Depreciation and Amortization account under Costs and Expenses section of the consolidated statements of comprehensive income.

Property and equipment are subject to impairment testing whenever there is an indication that the carrying amount may be recoverable. No impairment loss was recognized in 2020 and 2019 as the recoverable amount of these assets is determined by management is higher than its carrying value.

The cost of fully depreciated assets still used in business amounted to P250.8 million and P196.9 million as of December 31, 2020 and 2019, respectively.

12. INTANGIBLE ASSET

This account is composed of the following:

	Note	2020	2019
Goodwill	1, 2.8	**P 78,326,757**	P 78,326,757
Software licences		**43,773,771**	49,245,492
		P 122,100,528	P 127,572,249

Goodwill arose from the acquisition of LBASSI and VVPI.

Goodwill arising from the acquisition of subsidiaries mentioned above were recognized based on management's expected future economic benefit and synergies that will result from combining the operation of the acquired subsidiaries.

The gross carrying amounts and accumulated amortization of software licenses at the beginning and end of 2020 and 2019 are shown below.

	2020	2019
Cost	**P 54,717,213**	P 54,717,213
Accumulated amortization	**(10,943,442)**	(5,471,721)
Net carrying amount	**P 43,773,771**	P 49,245,492

A reconciliation of the carrying amounts of intangible assets for the beginning and end of 2020, 2019 and 2018 is shown below.

	2020	2019	2018
Balance at beginning of year	**P 127,572,249**	P 133,043,970	P 78,326,757
Additions	**-**	-	54,717,213
Amortization expense for the year	**(5,471,721)**	(5,471,721)	-
Balance at end of year	**P 122,100,528**	P 127,572,249	P 133,043,970

The amount of amortization charges is presented as part of Depreciation and Amortization account under Costs and Expenses section of the 2020 consolidated statements of comprehensive income.

Intangible assets are subject to impairment testing whenever there is an indication that the carrying amount may be recoverable. No impairment loss was recognized in 2020 and 2019 as the recoverable amount of intangible assets determined by management is higher than its carrying value.

13. INVESTMENT PROPERTIES

The Group's investment properties pertain to building and office and commercial units held for lease and a parcel of land held for capital appreciation. Rental income recognized for the years ended December 31, 2020, 2019 and 2018 amounted to P66.6 million, P123.5 million and P41.2 million, respectively, and are presented as part of Rental Income in the consolidated statements of comprehensive income. Real estate taxes and depreciation substantially represent direct costs incurred related to these properties. Since all recorded investment properties earned rental income during the year, there were no direct operating expenses pertaining to investment properties not generating rental income. Real estate tax amounting to P1.5 million, P1.1 million and P1.4 million in 2020, 2019 and 2018, respectively, and repairs and maintenance amounting to P3.1 million, P0.1 million, P2.2 million in 2020, 2019 and 2018, respectively, were recognized as related expense in those years, and were presented as part of Taxes and Licenses and repairs and maintenance in the consolidated statements of comprehensive income.

The gross carrying amounts and accumulated depreciation of investment property at the beginning and end of 2020 and 2019 are shown below.

		Held for Lease		
	Land	Building	Other Properties	Total
December 31, 2020				
Cost	P 1,040,000	P 47,274,140	P 925,460,396	P 973,774,536
Accumulated depreciation	-	(32,382,785)	(270,253,693)	(302,636,478)
Net carrying value	**P 1,040,000**	**P 14,891,355**	**P 655,206,703**	**P 671,138,058**
December 31, 2019				
Cost	P 1,040,000	P 47,274,140	P 925,460,396	P 973,774,536
Accumulated depreciation	-	(30,255,449)	(244,362,480)	(274,617,929)
Net carrying value	P 1,040,000	P 17,018,691	P 681,097,916	P 699,156,607
January 1, 2019				
Cost	P 1,040,000	P 47,274,140	P 925,460,396	P 973,774,536
Accumulated depreciation	-	(28,128,113)	(218,471,267)	(246,599,380)
Net carrying value	P 1,040,000	P 19,146,027	P 706,989,129	P 727,175,156

A reconciliation of the carrying amount of investment properties at the beginning and end of 2020, 2019 and 2018 is shown below.

		Held for Lease		
	Land	Building	Other Properties	Total
Balance at January 1, 2020, net of accumulated depreciation	P 1,040,000	P 17,018,691	P 681,097,916	P 699,156,607
Depreciation charges for the year	-	(2,127,336)	(25,891,213)	(28,018,549)
Balance at December 31, 2020, net of accumulated depreciation	**P 1,040,000**	**P 14,891,355**	**P 655,206,703**	**P 671,138,058**
Balance at January 1, 2019, net of accumulated depreciation	P 1,040,000	P 19,146,027	P 706,989,129	P 727,175,156
Depreciation charges for the year	-	(2,127,336)	(25,891,213)	(28,018,549)

	Land	Held for Lease Building	Held for Lease Other Properties	Total
Balance at December 31, 2019, net of accumulated depreciation	P 1,040,000	P 17,018,691	P 681,097,916	P 699,156,607
Balance at January 1, 2018, net of accumulated depreciation	P 1,040,000	P 21,273,363	P 96,242,263	P 118,555,626
Reclassifications	-	-	636,638,078	636,638,078
Depreciation charges for the year	-	(2,127,336)	(25,891,212)	(28,018,548)
Balance at December 31, 2018, net of accumulated depreciation	P 1,040,000	P 19,146,027	P 706,989,129	P 727,175,156

The amount of depreciation on investment properties is presented as part of Depreciation and Amortization account under Costs and Expenses in the consolidated statements of comprehensive income.

Investment properties are subject to impairment testing whenever there is an indication that the carrying amount may be recoverable. No impairment loss was recognized in 2020 and 2019 as the recoverable amount of these assets is determined by management is higher than its carrying value.

Other information relating to fair value measurements and disclosures of investment properties are disclosed in Note 31.4.

14. INTEREST-BEARING LOANS AND BORROWINGS

The details of interest bearing loans and borrowings from local banks are discussed below.

2020	2019	Explanatory Notes	Interest Rate	Security	Maturity
P 100,000,000	P 500,000,000	*(a)*	Fixed at 4.8% pa subject to annual repricing	Unsecured	2021
583,333,352	916,666,685	*(b)*	Fixed at 5.6% for 1st and 2nd tranches and 4.8% for the 3rd tranche.	Unsecured	Up to 2022
500,000,000	-	*(c)*	Fixed rate of 3.1%	Unsecured	2021
P 1,183,333,352	P 1,416,666,685				

(a) Philippine Peso, unsecured three-year loan due in 2021

In 2018, the Group obtained an interest-bearing three-year loan from a local bank. The loan was released in February 2018 and subject to floating rate 4.8% and fixed at 7.7% starting in October 2018. The proceeds of the loan were used to fund the development of the Group's various real estate projects. The principal of the loan is payable in eight equal quarterly payments starting in February 23, 2019 with 1-year grace period and interest is payable quarterly in arrears

(b) Philippine Peso, unsecured seven-year loan due in 2022

In 2015, the Group obtained an interest-bearing seven-year P2.0 billion loan from a local bank. The loan was released in three tranches from 2015 to 2016 and bears fixed interest of 5.6% for the first and second tranches and 4.8% for the third tranche. The proceeds of the loan were used to fund the development of the Group's various real estate projects.

(c) Philippine Peso, unsecured 90 days loan due in 2021

In 2020, the Group obtained unsecured loans from local banks. The loans bear fixed interest rates at 3.1%. The proceeds of the loan were used to fund the development of the Group's various real estate projects. The principal of the loan is payable upon maturity and interest is payable monthly in arrears.

Certain bank loans require the Group to maintain a debt-to-equity ratio of not more than 1:1 and a current ratio of not less than 2:1. As of December 31, 2020 and 2019, the Group is in compliance with such financial covenant obligations.

The total interest on these interest-bearing loans and borrowings in 2020, 2019, and 2018 amounted to P64.9 million, P122.0 million, and P114.7 million, respectively. The loans are directly attributable to the construction of the Group's projects; hence, the related interest is capitalized as part of Real Estate Inventories account in the consolidated statements of financial position (see Note 7.1). In 2020 and 2019, however, certain interest was expensed outright since the projects related to certain loans are already completed (see Note 22.2). Unpaid interest as of December 31, 2020 and 2019 amounted to P1.5 million and P2.7 million, respectively, and is presented as Interest payable under Trade and Other Payables account in the consolidated statements of financial position (see Note 15). Capitalization rate used in determining the amount of interest charges qualified for capitalization is 2.97%, 5.86% and 5.72% in 2020, 2019 and 2020.

Interest-bearing loans and borrowings are presented in the consolidated statements of financial position as follows:

	2020	2019
Current	**P 933,333,352**	P 733,333,352
Non-current	**250,000,000**	683,333,333
	P 1,183,333,352	P 1,416,666,685

15. TRADE AND OTHER PAYABLES

This account consists of:

	Note	**2020**	2019
Trade payable		**P 1,068,891,316**	P 1,555,858,580
Taxes payable		**74,648,165**	68,194,851
Accrued expenses		**49,626,896**	36,633,996
Interest payable	14	**1,535,405**	2,739,677
Miscellaneous		**1,876,374**	11,103,507
		P 1,196,578,156	P 1,674,530,611

Taxes payable pertains to withholding taxes payable and other statutory payables such as SSS, Philippine Health Insurance Corporation and Home Development Mutual Fund contribution.

Accrued expenses include the Group's obligations to its suppliers that are expected to be settled within 12 months from the end of the reporting period. These liabilities arise mainly from accrual of construction expenditures incurred during the year.

16. CUSTOMERS' DEPOSITS

Presented below are the details of this account.

	2020	2019
Advances from customers	**P4,170,603,679**	P 3,936,723,215
Other deposits	**976,348,329**	831,756,534
	P5,146,952,008	P 4,768,479,749

Advances from customers represent cash received from customers for real estate property purchases which have not yet complied with the sales recognition criteria of the Group. The advances are deducted from the contract price once the related real estate sales are recognized by the Group.

Other deposits mainly pertain to cash received from customers for miscellaneous fees and other related expenses to process the transfer of title to customers.

17. LEASES

The Group leases its office space with remaining lease term of two years and is presented as Right-of-use assets under Property and Equipment and as Lease Liabilities in the consolidated statements of financial position.

The lease does not have variable lease payments which depend on an index or a rate. The lease is non-cancellable and does not contain an option to purchase the underlying lease asset outright at the end of the lease, or to extend the lease for a further term without mutual agreement on both parties. The Group is prohibited from selling or pledging the underlying leased assets as security. The Group must also keep the property in a good state of repair and return the property in its original condition at the end of the lease. Further, the Group must incur maintenance fees on such items in accordance with the lease contracts.

In 2020, the Group pre-terminated the contract with its lessor for its leased assets located in Taguig. The lease term of this asset based on the original contract is for five years from January 1, 2018 to December 31, 2022. The Group has fully vacated the 10th and 11th floors of the leased premises last December 2020. Accordingly, the related lease liabilities and right-of-use assets were derecognized as of December 1, 2020. The gain on lease modification amounting to P9.0 million is presented as part of Miscellaneous under Other Income (Charges) in the 2020 consolidated statement of comprehensive income.

17.1 Lease Liabilities

Lease liabilities are presented in the consolidated statements of financial position as at December 31 as follows:

	2020	2019
Current	**P 35,797,100**	P 47,233,071
Non-current	**23,847,101**	111,865,806
	P 59,644,201	P 159,098,877

The movements in the lease liabilities recognized in the statements of financial position are as follows:

	2020	2019
Balance at beginning of year	**P 159,098,877**	P -
Adoption of PFRS 16	**-**	204,058,303
Cash flows from financing activities –		
Repayment of lease liability		
including interest	**(13,866,415)**	(52,824,441)
Non-cash financing activities:		
Lease modification	**(93,463,135)**	-
Interest amortization on lease liabilities	**7,874,874**	7,865,015
	P 59,644,201	P 159,098,877

The use of extension and termination options gives the Group added flexibility in the event it has identified more suitable premises in terms of cost or location or determined that it is advantageous to remain in a location beyond the original lease term. An option is only exercised when consistent with the Group's business strategy and the economic benefits of exercising such option exceeds the expected overall cost. As of December 31, 2020, the Group has no historical experience of exercising termination option for its existing lease agreement.

The undiscounted maturity analysis of lease liabilities at December 31, 2020 and 2019 are as follows:

	Lease Payment	**Interest Expense**	**Net Present Value**
2020			
Within one year	P 40,359,015	(P 4,561,915)	P 35,797,100
After one year but not more than two years	24,719,896	(872,795)	23,847,101
	P 65,078,911	**(P 5,434,710)**	**P 59,644,201**
2019			
Within one year	P 55,465,664	(P 8,232,593)	P 47,233,071
After one year but not more than two years	58,238,947	(5,364,955)	52,873,992
After two years but not more than three years	61,150,894	(2,159,080)	58,991,814
	P 174,855,505	(P 15,756,628)	P 159,098,877

17.2 Lease Payments Not Recognized as Liabilities

The Group has elected not to recognize lease liability for short-term leases. Payments made under such leases are expensed on a straight-line basis.

The December 31, 2020 and 2019 expenses relating short-term leases amounted to P10.2 million and P37.4 million, respectively, are presented as Rentals under Other Expenses account in the consolidated statements of comprehensive income (see Notes 21.2).

17.3 Additional Profit or Loss and Cash Flow Information

The total cash outflow in 2020 and 2019 in respect of leases recognized as liabilities amounted to P13.8 million and P52.8 million, respectively. Interest expense relating to lease liabilities amounts to P7.9 million for both 2020 and 2019 and is presented as part of Finance Costs account under Costs and Expenses section of the consolidated statements of comprehensive income (see Notes 22.2 and 33).

18. OTHER CURRENT LIABILITIES

As of December 31, other current liabilities include the following:

	Note	**2020**	2019
Retention payable		**P 696,350,714**	P 732,983,812
Refund liability	21.2	**157,099,267**	126,614,798
Refundable deposits		**55,964,697**	56,770,491
Miscellaneous		**21,238,460**	23,359,683
		P 930,653,138	P 939,728,784

Retention payable pertains to amounts withheld from payments made to contractors to ensure compliance and completion of contracted projects, which ranges from 5% to 10% of every billing made by the contractor. Upon completion of the contracted projects, submission of required bonds and final acceptance of works, the amounts are returned to contractors.

Refund liability pertains to the amount due to buyers of real estate properties which is the cash surrender value of the payments made by them on the cancelled real estate contracts as required by Republic Act (R.A.) 6552, *Realty Installment Buyer Act*.

19. REAL ESTATE SALES

19.1 Disaggregation of Revenues

The Group derives revenues from sale of real properties and other income. An analysis of the Group's real estate sales is presented below and on the succeeding page.

	2020	2019 (As restated - see Note 2)	2018 (As Restated - see Note 2)
Geographical areas			
Within Metro Manila	**P 3,878,197,366**	P 3,538,380,366	P 2,941,285,380
Outside Metro Manila	**383,894,714**	394,088,853	508,196,796
	P 4,262,092,080	P 3,932,469,219	P 3,449,482,176
Types of product or services			
Residential condominium	**P 4,121,674,336**	P 3,594,313,181	P 3,281,222,293
Residential lots and house and lots	**140,417,744**	338,156,038	168,259,883
	P 4,262,092,080	P 3,932,469,219	P 3,449,482,176

19.2 Contract Accounts

a. Contract Assets

The Group's contract assets are classified as follows:

	2020	2019
Current	**P 2,373,434,910**	P 1,602,894,215
Non-current	**15,340,770**	348,984,364
	P 2,388,775,680	P 1,951,878,579

The significant changes in the contract assets balance as of December 31 are as follows:

	2020	2019
Balance at beginning of year	**P1,951,878,579**	P2,690,070,792
Transfers from contract assets recognized at the beginning of year to trade receivables	**(2,585,559,212)**	(1,321,385,012)
Increase as a result of changes in measurement of progress	**3,022,456,313**	583,192,799
Balance at end of year	**P2,388,775,680**	P1,951,878,579

b. Contract Liabilities

The Group's contract liabilities are classified as follows:

	2020	2019
Current	**P 50,028,890**	P 26,257,816
Non-current	**167,639,547**	102,062,325
	P 217,668,437	P 128,320,141

The significant changes in the contract liabilities balance as of December 31 are as follows:

	2020	2019
Balance at beginning of year	**P 128,320,141**	P 153,953,419
Revenue recognized that was included in contract liabilities at the beginning of year	**(1,020,085,550)**	(1,267,361,830)
Increase due to cash received excluding amount recognized as revenue during the year	**1,109,433,846**	1,241,728,552
Balance at end of year	**P 217,668,437**	P 128,320,141

19.3 Direct Contract Costs

The Group incurs sales commissions upon execution of contracts to sell real properties to customers. Incremental costs of commission incurred to obtain contracts are capitalized and are presented as part of Prepayments and Other Current Assets in the consolidated statements of financial position. These are amortized over the expected construction period on the same basis as how the Group measures progress towards complete satisfaction of its performance obligation in its revenue contracts. The total amount of amortization for 2020, 2019 and 2018 is presented as part of Commissions account under Cost and Expenses section of the consolidated statements of comprehensive income.

The movements in balances of deferred commission in 2020 and 2019 are presented below.

	2020	2019
Balance at beginning of year	**P 168,090,758**	P 116,416,946
Additional capitalized cost	**38,264,955**	204,090,915
Amortization for the period	**(14,324,549)**	(152,417,103)
Balance at end of year	**P 192,031,164**	P 168,090,758

19.4 Transaction Price Allocated to Unsatisfied Performance Obligations

The aggregate amount of transaction price allocated to partially or wholly unsatisfied contracts as of December 31, 2020 and 2019 is P2.8 billion and P1.1 billion, respectively. As of December 31, the Group expects to recognize revenue from unsatisfied contracts as follows:

	2020	2019
Within a year	**P 1,030,870,676**	P 871,074,067
More than one year to three years	**1,634,042,299**	200,741,866
More than three years to five years	**127,376,263**	5,562,683
Balance at end of year	**P 2,792,289,238**	P 1,077,378,616

20. COST OF REAL ESTATE INVENTORIES

The total cost of real estate sales for the years ended December 31 is as follows:

	2020	2019	2018
Actual costs	**P 1,838,819,898**	P 1,794,872,773	P 1,618,285,480
Estimated costs	**698,356,997**	397,341,536	439,943,395
	P 2,537,176,895	P 2,192,214,309	P 2,058,228,875

The breakdown of the cost of real estate inventories are as follows (see Note 7):

	2020	2019	2018
Contracted services	**P 2,300,577,406**	P 1,961,608,183	P 1,870,564,914
Land cost	**161,300,849**	149,613,310	121,213,234
Borrowing cost	**49,594,420**	50,074,877	45,398,589
Other costs	**25,704,220**	30,917,939	21,052,138
	P 2,537,176,895	P 2,192,214,309	P 2,058,228,875

21. OTHER INCOME AND EXPENSES

21.1 Other Income

The details of this account are shown below.

	Note	2020	2019	2018
Marketing and management fees	25.1	**P 192,637,740**	P412,247,010	P 97,166,183
Forfeited collections and deposits		**99,942,494**	160,252,102	257,888,426
Tuition and miscellaneous fees		**37,289,624**	52,091,228	49,243,425
Miscellaneous		**9,285,798**	260,876	12,409,434
		P 339,155,656	P624,851,216	P 416,707,468

Forfeited collections and deposits include reservation fees and all payments made by delinquent buyers, net of any loss on cancellations. This also includes portion of payments received by the Group upon approval of buyer's request to transfer to other units.

Miscellaneous fees include gain on lease modification, registration fees, medical and dental fees, laboratory fees, energy fees, and other fees charged to students upon enrollment.

21.2 Other Expenses

The breakdown of other expenses is shown below.

	Notes	2020	2019	2018
Association dues		**P 109,669,019**	P 86,219,833	P 64,007,504
Loss on write-off	25.2	**40,643,067**	-	-
Provision for refund liability	18	**30,960,582**	44,969,122	22,732,643
Utilities		**13,822,704**	21,722,897	26,214,339
Repairs and maintenance		**13,491,348**	5,636,188	8,677,885
Security services		**10,795,393**	15,623,688	13,440,640
Rentals	17.2, 25.4	**10,205,625**	37,426,421	156,028,437
Office supplies		**10,095,362**	7,444,386	1,562,233
Training, seminars and other benefits		**8,643,959**	8,462,235	4,741,602
Janitorial services		**8,425,595**	11,045,464	4,624,572
Computer license subscription		**7,916,242**	354,320	301,170
Insurance		**6,538,057**	4,774,245	4,390,547
Professional fees	25.4	**5,842,003**	7,005,085	5,354,107
Documentation		**4,219,034**	2,245,156	7,481,843
Marketing events and awards		**2,843,230**	1,969,163	488,161
Outside services		**1,535,472**	4,676,853	5,474,414
Representation		**538,787**	148,487	4,449,506
Miscellaneous		**9,099,029**	6,747,922	14,861,847
		P 295,284,508	P 266,471,465	P 344,831,450

Miscellaneous expenses include bank charges, donations and contributions, trainings and seminars, motor vehicle registration and others.

Loss on write off includes the forgone collection of interest due from Megaworld Daewoo Corporation.

22. FINANCE INCOME AND FINANCE COSTS

22.1 Finance Income

The breakdown of this account is shown below.

	Notes	2020	2019	2018
Interest income:				
Advances to related parties	25.2	**P 238,584,906**	P 211,040,685	P 170,272,035
Cash and cash equivalents	5	**6,166,800**	16,431,520	10,176,239
Trade and other receivables	6	**13,476,523**	3,261,112	11,591,540
Tuition fees		**835,724**	1,270,768	1,164,548
		259,063,953	232,004,085	193,204,362
Amortization of day-one loss on noninterest-bearing financial instruments	6	**76,438,736**	63,060,763	85,521,034
Dividend income	8	**5,630,000**	-	11,260,000
Foreign currency gain/ (loss) - net		**(585,742)**	337,574	196,310
		P 340,546,947	P 295,402,422	P 290,181,706

22.2 Finance Costs

The breakdown of Finance costs is shown below.

	Notes	2020	2019 (As Restated - see Note 2)	2018 (As Restated - see Note 2)
Interest expense on advances from related parties	25.1	**P 287,547,306**	P 265,222,159	P 248,283,000
Bank loans	14	**28,626,652**	38,953,861	-
Net interest expense on post-employment defined benefit obligation	23.2	**14,285,788**	21,530,445	31,651,201
Lease liabilities	17.1	**7,874,874**	7,865,015	-
		P 338,334,620	P 333,571,480	P 279,934,201

23. SALARIES AND EMPLOYEE BENEFITS

23.1 Salaries and Employee Benefits Expense

Expenses recognized for salaries and employee benefits are presented below.

	Note	2020	2019	2018
Short-term benefits		**P 377,070,446**	P 441,972,438	P 386,038,599
Post-employment benefits	23.2	**30,879,854**	29,207,828	70,789,605
		P 407,950,300	P 471,180,266	P 456,828,204

23.2 Post-employment Benefits

(a) Characteristics of the Defined Benefit Plan

The Group maintains a partially-funded, tax qualified, non-contributory, post-employment defined benefit plan that is being administered by a trustee bank that is legally separated from the Group. The post-employment defined benefit plan covers all regular full-time employees.

The normal retirement age is 60 with a minimum of five years of credited service. The post-employment defined benefit plan provides for retirement ranging from 60% to 200% of final monthly salary for every year of credited service, but shall not be less than the regulatory benefit under the R.A. 7641, *The Retirement Pay Law*, or the applicable retirement law at the time of the member's retirement.

(b) Explanation of the Amounts Presented in the Consolidated Financial Statements

Actuarial valuations are made regularly to update the retirement benefit costs and the amount of contributions. All amounts presented in the succeeding pages are based on the latest actuarial valuation reports obtained from independent actuaries.

The amounts of post-employment benefit recognized in the consolidated statements of financial position are determined as follow:

	2020	2019
Present value of the obligation	**P 473,563,902**	P 474,380,431
Fair value of the assets	**(272,311,268)**	(128,598,104)
	P 201,252,634	P 345,782,327

The movements in the present value of the post-employment DBO recognized in the books are as follows:

	2020	2019
Balance at beginning of year	**P 474,380,431**	P 387,550,743
Current service cost	**30,879,854**	29,207,828
Interest expense	**24,602,733**	29,135,630
Remeasurements:		
Actuarial losses (gains) arising from:		
Changes in financial assumptions	**(19,824,305)**	65,009,970
Experience adjustments	**(2,747,653)**	(29,432,740)
Benefits paid	**(23,792,635)**	(7,091,000)
Settlement – (gain)/loss	**(9,934,523)**	-
Balance at end of year	**P 473,563,902**	P 474,380,431

The movements in the fair value of plan assets are presented below.

	2020	2019
Balance at beginning of year	**P 128,598,104**	P 82,267,116
Interest income	**10,316,945**	7,605,185
Loss on plan assets (excluding amounts included in net interest)	**(5,615,007)**	(2,183,197)
Actual contribution	**143,000,000**	48,000,000
Benefits paid	**(3,988,774)**	(7,091,000)
Balance at end of year	**P 272,311,268**	P 128,598,104

The Group's plan assets are composed of cash and cash equivalents amounting to P172.8 million and P84.7 million as of December 31, 2020 and 2019, respectively, and investment in government issued debt securities amounting to P75.2 million and P43.9 million as of December 31, 2020 and 2019 respectively.

The plan assets earned a return of P4.7 million and P5.4 million in 2020 and 2019, respectively.

The components of amounts recognized in the consolidated statements of comprehensive income in respect of the post-employment defined benefit plan are as follows:

	Notes	2020	2019	2018
Reported in profit or loss:				
Current service cost	23.1	**P 30,879,854**	P 29,207,828	P 70,789,605
Net interest expense	22.2	**14,285,788**	21,530,445	31,651,201
		P 45,165,642	P 50,738,273	P 102,440,806
Reported in other comprehensive income (loss):				
Actuarial gains (losses) arising from:				
- changes in financial assumptions		**P 19,824,305**	(P 65,009,970)	P 248,657,353
- experience adjustments		**2,747,653**	29,432,740	(20,738,313)
- demographic assumption		**-**	-	107,979,278
Loss on plan assets (excluding amounts included in net interest)		**(5,615,007)**	(2,183,197)	(1,456,880)
		P 16,956,951	(P 37,760,426)	P 334,441,438

Current service cost is presented as part of Salaries and Employee Benefits under Costs and Expenses section in the consolidated statements of comprehensive income while the amounts of net interest expense are included under Finance Costs under Costs and Expenses section in the consolidated statements of comprehensive income.

The amounts recognized in other comprehensive income were included within items that will not be reclassified subsequently to profit or loss.

In determining the amounts of the defined benefit post-employment obligation, the following significant actuarial assumptions were used:

	2020	2019	2018
EELHI			
Discount rates	**3.95%**	5.22%	7.53%
Expected rate of salary increases	**4.00%**	6.00%	7.00%
EPHI:			
Discount rates	**3.77%**	5.02%	7.45%
Expected rate of salary increases	**6.72%**	7.01%	7.51%
LBASSI:			
Discount rate	**3.96%**	5.17%	7.51%
Expected rate of salary increases	**2.00%**	2.00%	5.00%

The other subsidiaries currently do not have employees and their accounting and other administrative functions are being handled by the Group; hence, there was no cost of retirement benefits recognized.

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working life of an individual retiring at the age of 60 for both males and females is shown below.

	Retirement Age	Average Remaining Working Life
EELHI	60	29
LBASSI	60	20.9
EPHI	60	18

These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero coupon government bond with terms to maturity approximating the terms of the retirement obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) *Risks Associated with the Retirement Plan*

The plan exposes the Group to actuarial risks such as interest rate risk, longevity risk and salary risk.

(i) *Investment and Interest Risks*

The present value of the DBO is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan has relatively balanced investment in cash and cash equivalents and debt securities. Due to the long-term nature of the plan obligation, a level of continuing debt investments is an appropriate element of the Group's long-term strategy to manage the plan efficiently.

(ii) Longevity and Salary Risks

The present value of the DBO is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, the Group's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described on the succeeding page.

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the DBO as of December 31:

	Impact on Post-employment Benefit Obligation		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
2020			
EELHI			
Discount rate	**+9.30% / -11.00%**	**(P 34,705,219)**	**P 41,257,899**
Salary increase rate	**+10.90%/ -9.40%**	**40,808,078**	**(34,998,877)**
EPHI			
Discount rate	**+/-0.50%**	**(P 5,017,080)**	**P 5,510,017**
Salary increase rate	**+/-1.00%**	**10,761,481**	**(9,166,040)**
LBASSI			
Discount rate	**+/-1.00%**	**(795,310)**	**947,719**
Salary increase rate	**+/-1.00%**	**957,384**	**(816,844)**
2019			
EELHI			
Discount rate	+10.40%/-12.40%	(P 40,538,974)	P 48,252,329
Salary increase rate	+12.20%/-10.40%	47,377,204	(40,616,893)
EPHI			
Discount rate	+/-0.50%	(4,005,895)	4,447,001
Salary increase rate	+/-1.00%	8,752,712	(7,462,155)
LBASSI			
Discount rate	+/-1.00%	(645,939)	767,420
Salary increase rate	+/-1.00%	785,097	(670,356)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the DBO as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the DBO has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the DBO recognized in the consolidated statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Asset-liability Matching Strategies

To efficiently manage the retirement plan, the Group through its BOD, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in debt securities and maintaining cash and cash equivalents that match the benefit payments as they fall due and in the appropriate currency. The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations.

There has been no change in the Group's strategies to manage its risks from previous periods.

(iii) Funding Arrangements and Expected Contributions

The plan is currently underfunded by P205 million based on the latest actuarial valuation. While there are no minimum funding requirements in the country, the size of the underfunding may pose a cash flow risk in about 20 years' time when a significant number of employees is expected to retire.

The Group expects to make contribution of at least P100.0 million to the plan during the next reporting period.

The maturity profile of undiscounted expected benefit payments from the plan for the next 20 years follows:

	2020	2019
Within one year	**P 16,221,023**	P 18,638,465
More than one year to five years	**209,086,316**	174,254,768
More than five years to 10 years	**111,120,666**	155,723,305
More than 10 years to 15 years	**36,051,215**	34,047,586
More than 15 years to 20 years	**85,484,323**	57,670,896
More than 20 years	**282,239,296**	363,568,972
	P 740,202,839	P 803,903,992

The weighted average duration of the DBO at the end of the reporting period is 10.2 to 18 years.

24. TAXES

24.1 Registration with the Board of Investments (BOI)

On April 11, 2014, the BOI approved the Group's application for registration as a New Developer of Low Cost Mass Housing Project on a Non-pioneer Status relative to its various units of Kasara Urban Resort Residences (Tower 1 and Tower 2) project. Under the registration, the applicable rights and privileges provided in the Omnibus Investment Code of 1987 shall equally apply and benefit the Group with certain incentives including income tax holiday (ITH) for a period of three years from the date of registration.

24.2 Current and Deferred Taxes

The components of tax expense reported in the consolidated statements of comprehensive income for the years ended December 31 are as follows:

	2020	2019	2018
Reported in profit or loss:			
Current tax expense:			
Regular corporate income tax (RCIT) at 30% and 10%	**P 37,661,816**	P 200,731,023	P 110,219,020
Minimum corporate income tax (MCIT) at 2%	**36,996,350**	-	-
Final tax at 20%, 15% and 7.5%	**1,224,081**	3,260,933	2,009,804
Deferred tax expense relating to origination and reversal of temporary differences	**178,082,100**	102,668,785	122,070,099
	P 253,964,347	P 306,660,741	P 234,298,923
Reported in other comprehensive income (loss) –			
Deferred tax expense (income) relating to origination and reversal of temporary differences	**P 5,317,683**	(P 11,535,073)	P 99,951,148

LBASSI, as an educational institution, is subject to 10% tax rate on its taxable income as defined under the tax regulations of the National Internal Revenue Code Section 27(B). LBASSI's deferred tax assets and deferred tax liabilities are, hence, recognized at 10%.

The reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense as reported in the profit or loss section of the consolidated statements of comprehensive income is as follows:

	2020	2019	2018
Tax on pretax profit at 30% and 10%	**P 239,223,270**	P 277,123,037	P 233,272,351
Adjustment for income subjected to lower income tax rates	**(610,671)**	(1,573,728)	(959,654)
Tax effects of:			
Excess of MCIT over RCIT	**7,220,828**	3,975,812	188,329
Nondeductible taxes and licenses	**4,229,546**	21,530,429	12,027,047
Nontaxable income	**(1,689,000)**	-	(3,396,387)
Nondeductible interest expense	**607,894**	1,591,798	977,826
Nondeductible expenses	**-**	-	105,397
Others - net	**4,982,480**	4,013,393	(7,915,986)
	P 253,964,347	P 306,660,741	P 234,298,923

The net deferred tax liabilities as of December 31 relate to the following:

	Consolidated Statements of Financial Position		Consolidated Statement of Profit or Loss		
	2020	2019	**2020**	2019	2018
Deferred tax assets:					
Retirement benefit obligation	**P 58,041,444**	P 101,880,351	**P 38,521,228**	(P 524,287)	(P 20,532,367)
Lease liability	**17,893,260**	47,729,663	**29,836,403**	13,487,827	-
Provision for refund liability	**47,129,780**	37,984,439	**(9,145,341)**	(12,496,612)	(6,819,793)
Unamortized past service cost	**-**	15,120	**15,120**	24,159	77,553
Net operating loss carry over (NOLCO)	**-**	-	**-**	1,530,631	(1,530,631)
Accrued rent	**-**	-	**-**	-	812,253
Minimum corporate income tax (MCIT)	**-**	-	**-**	-	(775,769)
	123,064,484	187,609,573	**59,227,410**	2,021,718	(28,768,754)
Deferred tax liabilities:					
Uncollected realized gross profit	**(2,076,138,645)**	(1,892,750,595)	**183,388,050**	88,250,985	80,425,506
Capitalized borrowing cost	**(192,675,990)**	(229,611,622)	**(36,935,632)**	11,362,641	67,041,449
Deferred commission	**(57,609,349)**	(50,427,228)	**7,182,121**	15,502,144	3,348,698
Right of use asset – net	**(9,030,393)**	(43,533,247)	**(34,502,854)**	(14,511,082)	-
Unrealized foreign exchange gains (loss) - net	**175,723**	(101,272)	**(276,995)**	42,379	23,200
	(2,335,278,654)	(2,216,423,964)	**118,854,690**	100,647,067	150,838,853
Net Deferred Tax Expense			**P 178,082,100**	P 102,668,785	P 122,070,099
Net Deferred Tax Liabilities - net	**(P 2,212,214,170)**	(P 2,028,814,391)			

Upon effectivity of PFRS 16, the Company recognized right-of-use asset and lease liabilities which have different timing for tax purposes; hence, the tax portion for these items are properly accounted for as part of the Company's deferred tax assets and deferred tax liabilities. Accordingly, the Company recognized net deferred tax liabilities as of January 1, 2020 and 2019.

The deferred tax income (expenses) presented in Other Comprehensive Income section in the consolidated statements of comprehensive income pertains to the tax effect of remeasurements of retirement benefit obligation which resulted to a tax expense amounting to P5.3 million in 2020 and P100 million in 2018 and tax income of P11.5 million in 2019.

The Group is subject to the MCIT which is computed at 2% of gross income as defined under the tax regulations, or RCIT, whichever is higher. The Group earned MCIT amounting to P37.0 million during 2020 which is valid until 2023.

The details of the Group's NOLCO that are valid and deductible from future taxable income are as follows:

Year	Original Amount	Valid Until
2020	P 10,971,069	2025
2019	13,826,773	2022
2018	14,229,751	2021
	P 39,027,593	

PCMI, EECI, SPLI, SOHI, VVPI and 20th did not recognize deferred tax assets on their respective NOLCO as management believes that the related deferred tax assets may not be recovered within the prescriptive period. The amount of NOLCO for the year ended 2020 for which the related deferred tax asset has not been recognized amounted to a total of P11.0 million with a total tax effect of P3.3 million. In 2019, EPHI was able to utilize its NOLCO incurred in 2018.

In 2020, 2019 and 2018, the Group opted to claim itemized deductions in computing for its income tax due.

25. RELATED PARTY TRANSACTIONS

The Group's related parties include its ultimate parent company, parent company, associate, related parties under common ownership, key management personnel, and the Group's retirement plan as described below and in the succeeding pages.

The summary of the Group's significant transactions and outstanding balances with its related parties are as follows:

Related Party Category	Notes	Amount of Transactions 2020	2019	2018	Outstanding Balance 2020	2019
Ultimate Parent:						
Financial assets at FVOCI	8	**(P 119,356,000)**	(P 27,024,000)	(P 461,660,000)	**P1,193,560,000**	P1,312,916,000
Dividend income	8, 22.1	**5,630,000**	-	11,260,000	**-**	-
Parent:						
Availment of advances	25.1, 25.5	**(498,326,915)**	(223,937,720)	(1,206,232,131)	**(4,404,428,840)**	(3,906,101,925)
Rendering of services	25.2	**90,004,074**	144,484,332	161,473,041	**659,169,669**	669,771,982
Obtaining of services	25.4	**1,452,360**	829,920	933,660	**-**	-
Associate –						
Availment of advances	25.1	**1,588,529**	1,019,005	256,255,249	**(385,349,452)**	(386,937,980)
Under common ownership:						
Repayment (availment) of advances	25.1	**35,852,041**	24,147,958	50,000,000	**(447,981,690)**	(483,833,731)
Granting of advances	25.1	**306,624,345**	1,194,903,477	424,850,002	**4,428,734,137**	4,122,109,792
Rendering of services	25.2	**198,241,879**	405,730,341	71,434,364	**79,049,056**	310,883,408
Obtaining of services	25.4	**-**	-	(62,014)	**-**	-
Sale of land	25.3	**(40,643,067)**	-	-	-	40,643,067
Key management personnel –						
Compensation	25.6	**74,927,456**	51,492,157	67,299,168	-	-

Unless otherwise stated, the Group's outstanding receivables from and payables to related parties arising from interest-bearing and noninterest-bearing advances, joint venture agreements, lease of property and cash advances to related party are unsecured, collectible or payable on demand, and are generally settled in cash or through offsetting arrangements with the related parties (see Note 30.2).

There were no impairment losses recognized on the outstanding receivables from related parties in 2020, 2019 and 2018 based on management's ECL assessment.

25.1 Advances to and from Related Parties

The Group grants to and obtains unsecured advances from its parent company, stockholders, associate and other related parties for working capital purposes.

The Advances to Related Parties account represents the outstanding balances arising from cash advances granted by the Group to certain related parties under common ownership. Some of the advances to related parties are noninterest-bearing. The interest income arising from this interest-bearing advances is presented as part of Finance Income in the consolidated statements of comprehensive income (see Note 22.1). The change in the Advances to Related Parties account are shown on the succeeding page.

	Note	2020	2019
Balance at beginning of year		**P 4,122,109,792**	P 2,927,206,315
Interest income	22.1	**238,584,906**	211,040,685
Additional advances		**84,580,110**	1,000,904,052
Offset against advances		**(15,322,922)**	(17,041,260)
Reclassification		**(1,217,749)**	-
Balance at end of year		**P 4,428,734,137**	P 4,122,109,792

The Advances from Related Parties account represents the outstanding balances arising from cash advances obtained by the Group from its parent company, associate and certain related parties under common ownership. The details as at December 31 are as follow:

	2020	2019
Parent	**P 4,404,428,840**	P 3,906,101,925
Associate	**385,349,452**	386,937,980
Other related parties	**447,981,690**	483,833,731
	P 5,237,759,982	P 4,776,873,636

The movement in the Advances from Related Parties account is shown below.

	2020	2019
Parent:		
Balance at beginning of year	**P 3,906,101,926**	P 3,682,164,205
Additions	**510,188,475**	235,080,527
Repayments	**(11,861,561)**	(11,142,806)
Balance at end of year	**P 4,404,428,840**	P 3,906,101,926
Associate:		
Balance at beginning of year	**P 386,937,979**	P 387,956,985
Additions	**-**	463,932
Repayments	**(1,588,527)**	(1,482,938)
Balance at end of year	**P 385,349,452**	P 386,937,979
Other related parties:		
Balance at beginning of year	**P 483,833,731**	P 507,981,689
Additions	**-**	42,807,365
Repayments	**(35,852,041)**	(66,955,323)
Balance at end of year	**P 447,981,690**	P 483,833,731

Cash advances from parent company bear fixed interest rate ranging between 7% and 12% per annum in 2020, 2019 and 2018. Interest expense is presented as part of Finance Costs account in the consolidated statements of comprehensive income.

25.2 Rendering of Services

The summary of services offered by the Group is presented below.

	Amount of Transactions		
	2020	2019	2018
Management services	**P 169,000,227**	P 359,818,838	P 71,434,364
Commission income	**90,004,074**	134,220,853	112,516,507
Lease of property	**29,241,652**	56,174,982	48,956,534
	P 288,245,953	P 550,214,673	P 232,907,405

The Group handled the administrative functions of certain related parties under common ownership for the latter's ongoing construction and development activities. The amount of revenue earned from such transaction is recorded as part of Marketing and management fees under Other Income account in the consolidated statements of comprehensive income (see Note 21.1) while the outstanding balances are presented as Management fee receivable under Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

The Group earns marketing fees from the sale of Megaworld's real estate properties. The marketing fee recognized is presented as Commission Income under Revenues and Income section in the consolidated statements of comprehensive income. The outstanding receivables related to these transactions are presented as part of Trade receivables under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

The Group leases certain investment property to Megaworld in 2019 and a related party under common ownership in 2020 and 2019. The revenues earned from the lease are included as part of Rental Income account under Revenues and Income section in the consolidated statements of comprehensive income (see Note 28.1). The related outstanding receivables from these transactions are presented as part of Rent receivable under the Trade and Other Receivables account in the consolidated statements of financial position (see Note 6).

25.3 Sale of Land

In prior years, the Group sold, on account, to a related party under common ownership, a parcel of land which was used as site of the related party's project. The outstanding receivable, which pertains to the remaining unpaid interest, from this sale is presented as part of Interest receivable under Trade and Other Receivables account in the consolidated statements of financial position (see Note 6). In 2020, this was derecognized and the related expense is presented as Loss on write-off under Other Expenses account in the 2020 consolidated statements of comprehensive income (see note 21.2).

25.4 Obtaining of Services

The summary of services obtained by the Group as of December 31 is presented below.

	Amount of Transactions		
	2020	2019	2018
Management fee	**P 1,452,360**	P 829,920	P 933,660
Lease of showroom and parking space	**-**	-	62,014
	P 1,452,360	P 829,920	P 995,674

The Group incurred management fees for accounting and marketing services obtained from its parent company and related parties under common ownership, and is presented as part of Professional fee under Other Expenses in the consolidated statements of comprehensive income (see Note 21.2). There was no outstanding payable from this transaction as of December 31, 2020 and 2019.

The Group's showroom and parking space are being leased from its related parties under common ownership. The related rental expenses are shown as part of Rentals under Other Expenses account in the 2018 consolidated statements of comprehensive income (see Note 21.2). There was no similar transaction in 2020 and 2019.

25.5 Joint Development Agreement with Parent Company

The Group, together with Megaworld, executed a joint development agreement for the development of a mixed-use condominium project; whereby the Group shall contribute land and the parent company shall develop and sell the property. The entities shall be entitled to a certain percentage of the total saleable area based on the agreed sharing. The land contributed to the joint venture is presented as part of the Real Estate Inventories under Property development cost in the consolidated statements of financial position (see Note 7). As of the end of the reporting period, the property is still being developed and there are no profits received yet from this agreement.

25.6 Key Management Personnel Compensation

The compensation of the Group's key management personnel are as follows:

	2020	2019	2018
Short-term benefits	**P 45,886,016**	P 45,764,610	P 41,286,364
Post-employment benefits	**29,041,440**	5,727,547	26,012,804
	P 74,927,456	P 51,492,157	P 67,299,168

These are presented as part of Salaries and Employee Benefits account under Cost and Expenses section in the consolidated statements of comprehensive income for the years ended December 31, 2020, 2019 and 2018 (see Note 23.1).

25.7 Retirement Plan

The Group has a formal retirement plan established separately for the Company, EPHI and LBASSI. The Group's retirement fund for its post-employment defined benefit plan is administered and managed by trustee banks. The fair value and the composition of the plan assets as of December 31, 2020 and 2019 are presented in Note 23.2. As of December 31, 2020 and 2019, the Group's retirement fund does not include any investments in any debt or equity securities issued by the Group or any of its related parties.

The Group's transactions with the fund mainly pertain to contributions, benefit payments and interest income.

The retirement fund neither provides any guarantees or surety for any obligation of the Group nor its investments covered by any restrictions or liens.

26. EQUITY

26.1 Capital Stock

Capital stock as of December 31, 2020 and 2019 consists of:

	No. of Shares	Amount
Common shares – P1 par value		
Authorized	31,495,200,000	P31,495,200,000
Issued	14,803,455,238	P14,803,455,238
Treasury shares – at cost	(127,256,071)	(102,106,658)
Total outstanding	14,676,199,167	P14,701,348,580
Preferred shares – P1 par value		
Authorized	2,000,000,000	P 2,000,000,000

Megaworld has 81.72% ownership interest in the Group as of December 31, 2020 and 2019.

The Series B preferred shares are nonredeemable, convertible into common shares and are nonvoting. The shares have zero coupon rates and shall not be entitled to dividends. The Series B preferred shares shall be convertible to common shares anytime after the end of the 18 months from the implementation date, May 29, 1998, as defined in the subscription agreements. There are no subscribed and issued preferred shares as of December 31, 2020 and 2019.

On April 24, 1996, the SEC approved the listing of the Group's shares totaling 425,000,000. The shares were issued at an offer price of P12.90 per share. As of December 31, 2020, 2019, and 2018, there are 12,402, 12,424 and 12,432 holders of the listed shares, respectively. The shares were listed and closed at a price of P0.31, P0.43 and P0.49 per share as of December 31, 2020, 2019 and 2018, respectively.

26.2 Additional Paid-in Capital

The additional paid-in capital (APIC) pertains to the excess of the total proceeds received from the Group's shareholders over the total par value of the common shares. There were no movements in the Group's APIC accounts in 2020 and 2019.

26.3 Treasury Stock

On March 23, 2006, the Company's BOD authorized the buy-back of up to P1.0 billion worth of Group's shares of common stock within a 24-month period under certain terms and conditions as the Group's senior management may deem beneficial to the Group and its stockholders.

As of December 31, 2020 and 2019, the Group's treasury shares amounted to P102.1 million, representing the cost of 127,256,071 shares reacquired by the Company.

26.4 Revaluation Reserves

Revaluation reserves of the Group are composed of remeasurements on its retirement benefit obligation and fair value movements of the Group's financial assets at FVOCI (see Notes 8 and 23.2).

The components and reconciliation of items of other comprehensive income presented in the consolidated statement of changes in equity at their aggregate amount under Revaluation Reserves account, are shown below.

	Financial Assets at FVOCI (see Note 8)	Retirement Benefit Obligation (see Note 23)	Total
Balance as of January 1, 2020	(P 115,744,031)	P 698,410,183	P 582,666,152
Remeasurement of retirement benefit obligation	-	17,168,331	17,168,331
Fait value losses on FVOCI	(119,356,000)	-	(119,356,000)
Other comprehensive income (loss) before tax	(119,356,000)	17,168,331	(102,187,669)
Tax income	-	(5,317,683)	(5,317,683)
Other comprehensive income (loss) after tax	(119,356,000)	11,850,648	(107,505,352)
Balance as of December 31, 2020	**(P 235,100,031)**	**P 710,260,831**	**P 475,160,800**
Balance as of January 1, 2019	(P 88,720,031)	P 724,825,236	P 636,105,205
Remeasurement of retirement benefit obligation	-	(37,950,126)	(37,950,126)
Fait value losses on FVOCI	(27,024,000)	-	(27,024,000)
Other comprehensive income (loss) before tax	(27,024,000)	(37,950,126)	(64,974,126)
Tax income	-	11,535,073	11,535,073
Other comprehensive income (loss) after tax	(27,024,000)	(26,415,053)	(53,439,053)
Balance as of December 31, 2019	(P 115,744,031)	P 698,410,183	P 582,666,152
Balance as of January 1, 2018	P 372,939,969	P 490,684,456	P 863,624,425

	Financial Assets at FVOCI (see Note 8)	Retirement Benefit Obligation (see Note 23)	Total
Remeasurement of retirement benefit obligation	-	334,091,928	334,091,928
Fait value losses on FVOCI	(461,660,000)	-	(461,660,000)
Other comprehensive income (loss) before tax	(461,660,000)	334,091,928	(127,568,072)
Tax income	-	(99,951,148)	(99,951,148)
Other comprehensive income (loss) after tax	(461,660,000)	234,140,780	(227,519,220)
Balance as of December 31, 2018	(P 88,720,031)	P 724,825,236	P 636,105,205

26.5 Other Reserves

Other reserves of the Group pertains to the difference between the fair value of consideration paid and the relevant share in the carrying value of the net assets of PCMI as a result of obtaining de facto control over PCMI in 2018 and any subsequent change in ownership interest in the subsidiary (see Notes 1.2 and 2.11).

26.6 Retained Earnings

Retained earnings are restricted in the amount of P102.1 million representing the cost of 127,256,071 shares held in treasury as of the end of the reporting periods.

27. EARNINGS PER SHARE

Basic and diluted earnings per share amounts were computed as follows:

	2020	2019	2018
Net profit attributable to parent Group's shareholders	**P 531,433,225**	P 622,021,871	P 534,218,365
Number of issued and outstanding common shares	**14,676,199,167**	14,676,199,167	14,676,199,167
Basic and diluted earnings per share	**P 0.036**	P 0.042	P 0.036

Diluted earnings per share equal the basic earnings per share since the Group does not have dilutive shares as of December 31, 2020, 2019 and 2018.

28. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Group:

28.1 Operating Lease Commitments – Group as Lessor

The Group is a lessor under various non-cancellable operating lease agreements covering real estate properties for commercial use. The leases have terms ranging from one to 10 years, with renewal options, and include annual escalation rates of 3% to 10%.

The future minimum rental receivable under these non-cancellable operating leases are as follows as of December 31:

	2020	2019	2018
Within one year	**P 73,179,235**	P 85,683,312	P 43,300,784
After one year but not more than two years	**67,771,176**	68,109,689	39,295,884
After two years but not more than three years	**36,987,651**	63,197,167	24,114,956
After three years but not more than four years	**17,281,540**	35,405,893	20,583,729
After four years but not more than five years	**14,626,756**	15,698,637	13,341,206
More than five years	**25,824,885**	37,942,336	47,718,733
	P 235,671,243	P 306,037,034	P 188,355,292

The total rentals from these operating leases amount to about P78.6 million, P154.5 million, and P111.1 million in 2020, 2019 and 2018, respectively, which are recognized as Rental Income account under Revenues and Income section in the consolidated statements of comprehensive income.

28.2 Legal Claims

As of December 31, 2020 and 2019, the Group does not have any litigations within and outside the normal course of its business.

28.3 Credit Lines

The Group has existing credit lines with local banks for a maximum amount of P4,020.0 million as of December 31, 2020 and 2019. The Group has unused lines of credit amounting to P1,220.0 million as of December 31, 2020 and 2019.

28.4 Capital Commitments

As of December 31, 2020 and 2019, the Group has commitments amounting to P1.3 billion and P1.5 billion, respectively, for the construction expenditures in relation to the Group's joint venture (see Note 9).

28.5 Others

There are other commitments and contingent liabilities that may arise in the normal course of operations of the Group which is not reflected in the consolidated financial statements. The management of the Group is of the opinion that losses, if any, from these items will not have any material effect on its consolidated financial statements, taken as a whole.

29. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks which result from its operating, investing, and financing activities. Risk management is carried out by a central treasury department under policies approved by the BOD, and focuses on actively securing the Group's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not engage in the trading of financial assets for speculative purposes nor does it write options. The financial risks to which the Group is exposed to are described below.

29.1 Market Risk

The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, and interest rate risk which results from both its operating, investing and financing activities.

(a) Foreign Currency Risk

There is no significant exposure to foreign currency risks since most of the Group's transactions are denominated in Philippine peso, which is its functional currency. The Group's financial asset denominated in foreign currency only pertains to cash and cash equivalents. However, the amount is insignificant to the financial statements as of December 31, 2020 and 2019. The Group has no financial liabilities denominated in foreign currency (see Note 22.1).

(b) Interest Rate Risk

The Group's policy is to minimize interest rate cash flow risk exposures on long-term financing. Long-term borrowings are therefore usually obtained and negotiated at fixed rates. At December 31, 2020 and 2019, the Group is only exposed to changes in market interest through its cash and cash equivalents and long-term borrowings, which are deemed by management to be not significant.

All other financial assets and liabilities have either short-term maturities, noninterest-bearing or are subject to fixed rates (e.g. related party advances).

(c) Other Price Risk

The Group's market price risk arises from its investments carried at fair value (classified as financial assets at FVOCI). It manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

For equity securities listed in the Philippines, the observed volatility rates of the fair values of the Group's investment held at fair value is determined based on the average market volatility in quoted prices, using standard deviation, in the previous 12 months, estimated at 99% level of confidence. An average volatility of 53.10% and 31.65% has been observed during 2020 and 2019, respectively. The impact on the Group's consolidated other comprehensive income and consolidated equity would have increased or decreased by P633.8 million and P415.6 million in 2020 and 2019, respectively.

The investments in quoted equity securities are considered long-term strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored and voting rights arising from these equity instruments are utilized in the Group's favor.

The Group is not subject to commodity price risk.

29.2 Credit Risk

The maximum credit risk exposure of the Group is the carrying amount of the financial assets and contract assets as shown on the face of the consolidated statements of financial position (or in the detailed analysis provided in the notes to the consolidated financial statements), as summarized below.

	Notes	2020	2019
Cash and cash equivalents	5	**P 2,129,720,752**	P 1,145,332,574
Trade and other receivables - net (excluding advances to suppliers and contractors and advances to condominium associations)	6	**6,939,710,083**	5,996,733,160
Contract assets	19.2	**2,388,775,680**	1,951,878,579
Advances to related parties	25.1	**4,428,734,137**	4,122,109,792
		P 15,886,940,652	P 13,216,054,105

None of the Group's financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents, and trade receivables, as described below and in the succeeding pages.

(a) Cash and Cash Equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

(b) Trade and Other Receivables and Contract Assets

Trade and other receivables (excluding Advances to suppliers and contractors and advances to condominium associations) and contract assets are subject to credit risk exposure. The Group, however, does not identify specific concentrations of credit risk with regard to trade receivables and contract assets, as the amounts recognized resemble a large number of receivables from various customers. The Group also retains the titles to the property until such time that the trade receivables are fully collected. Repossessed properties are offered for sale to other customers.

Credit risk of receivables from sale of real estate properties is managed primarily through credit reviews and analyses of receivables on a regular basis. The Group undertakes credit review procedures for all installment payment terms. Customer payments are facilitated through the use of post-dated checks. Exposure to doubtful accounts is not substantial as title to real estate properties are not transferred to the buyers until full payment of the amortization has been made and the requirement for remedial procedures is negligible considering the Group's buyers' profile.

The Group has used the simplified approach in measuring ECL and has calculated ECL based on lifetime ECL. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The provision rate is based on days past due of all customers as they have similar loss patterns. The credit enhancements such as advance payment and value of the real estate for sale are considered in the calculation of impairment as recoveries.

The Group considers trade receivables in default when contractual payments are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 90 days and beyond. Furthermore, 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.

The management determined that there is no required ECL to be recognized since the real estate sold is collateralized to the related receivable arising from sale. Therefore, expected loss given default is nil as the recoverable amount from subsequent resale of the real estate is sufficient. The estimated fair value of the security enhancements held against contract receivables and contract assets are presented below.

	Gross Maximum Exposure	Fair Value of Collaterals	Net Exposure	Financial Effect of Collaterals
2020				
Contract assets	P 2,388,775,680	P 8,496,663,407	P -	P 2,388,775,680
Contract receivables	5,080,986,344	15,742,504,517	-	5,080,986,344
	P 7,469,762,024	**P 24,239,167,924**	**P -**	**P 7,469,762,024**
2019				
Contract assets	P 1,951,878,579	P 5,639,279,071	P -	P 1,951,878,579
Contract receivables	4,272,368,810	11,083,450,002	-	4,272,368,810
	P 6,224,247,389	P 16,722,729,073	P -	P 6,224,247,389

Other components of receivables such as rental receivables and others are also evaluated by the Group for impairment and assessed that no ECL should be provided. A significant portion of the Group's rental receivables are from Megaworld, wherein the impairment of receivables is assessed using the latter's ability to pay [see Note 29.2(c)]. The remaining rental receivables are secured to the extent of advance rental and rental deposit received from the lessees, which are on average equivalent to six months.

Some of the unimpaired trade receivables and other receivables, which are mostly related to real estate sales, are past due as at the end of the reporting period. The trade receivables that are past due but not impaired are as follows:

	2020	2019
Not more than three months	**P 104,230,372**	P 94,750,304
More than three months but not more than six months	**182,085,683**	161,439,766
More than six months but Not more than one year	**205,054,965**	186,364,489
More than one year	**71,431,466**	63,913,761
	P 562,802,486	P 506,468,320

(c) Advances to Related Parties and Rent Receivable and Management Fee Receivable from Related Parties

ECL for advances to related parties, including rent and management fee receivables, are measured and recognized using the liquidity approach. Management determines possible impairment based on the related party's ability to repay the advances upon demand at the reporting date taking into consideration the historical defaults from the related parties.

The Group does not consider any significant risks in the advances to other related parties with financial difficulty since Megaworld, whose credit risk for liquid funds is considered negligible, have committed to financially support these related parties as part of AGI and its long-term corporate strategy. As of December 31, 2020 and 2019, the aggregate impairment allowance on balances from Megaworld and other related parties is identified to be not material.

The table below shows the credit quality by class of financial assets and contract assets as of December 31, 2020.

	Neither Past Due nor Specifically Impaired			Past Due or Individually Impaired	Total
	High Grade	Standard Grade	Substandard Grade		
Cash and cash equivalents	P 2,129,720,752	P -	P -	P -	P 2,129,720,752
Trade and other receivables	-	6,376,907,597	-	562,802,486	6,939,710,083
Contract assets	-	2,388,775,680	-	-	2,388,775,680
Advances to related parties	-	4,428,734,137	-	-	4,428,734,137
	P 2,129,720,752	P 13,194,417,414	P -	P 562,802,486	P 15,886,940,652

This compares with the credit quality by class of financial assets as of December 31, 2019.

	Neither Past Due nor Specifically Impaired			Past Due or Individually Impaired	Total
	High Grade	Standard Grade	Substandard Grade		
Cash and cash equivalents	P 1,145,332,574	P -	P -	P -	P 1,145,332,574
Trade and other receivables	-	5,490,264,840	-	506,468,320	5,996,733,160
Contract assets	-	1,951,878,579	-	-	1,951,878,579
Advances to related parties	-	4,122,109,792	-	-	4,122,109,792
	P 1,145,332,574	P 11,564,253,211	P -	P 506,468,320	P 13,216,054,105

The Group uses an internal credit rating concept based on the counterparties' overall credit worthiness as follows:

High Grade – Rating given to counterparties who have very strong capacity to meet their obligations.

Standard Grade – Rating given to counterparties whose outstanding obligation is within the acceptable age of group.

Substandard Grade – Rating given counterparties whose outstanding obligation is nearing to be past due or impaired.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all the above financial assets that are not impaired for each of the reporting dates are of good credit quality, including those that are past due.

29.3 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for 6-month and one-year periods are identified monthly.

The Group maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash is invested in time deposits. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at December 31, 2020, the Group's financial liabilities have contractual maturities which are presented below.

	Within One Year	**One to Five Years**
Interest-bearing loans and borrowings	P 965,307,138	P 257,707,050
Trade and other payables	1,122,234,079	-
Lease liabilities	40,359,015	24,719,896
Advances from related parties	5,237,759,982	-
Other current liabilities	752,315,411	-
	P8,117,975,625	**P 282,426,946**

As at December 31, 2019, the Group's financial liabilities have contractual maturities which are presented below.

	Witihin One Year	One to Five Years
Interest-bearing loans and borrowings	P 811,207,266	P 721,232,438
Trade and other payables	1,606,335,760	-
Lease liabilities	55,465,664	119,389,841
Advances from related parties	4,776,873,636	-
Other current liabilities	789,754,303	-
	P8,039,636,629	P 840,622,279

The contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of each reporting period.

30. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

30.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the consolidated statements of financial position are shown on the succeeding page.

	Notes	2020 Carrying Amounts	2020 Fair Values	2019 Carrying Amounts	2019 Fair Values
Financial assets					
Financial assets at amortized cost					
Cash and cash equivalents	5	**P 2,129,720,752**	**P 2,129,720,752**	P 1,145,332,574	P 1,145,332,574
Trade and other receivables - net	6	**6,939,710,083**	**7,041,762,586**	5,996,733,160	6,073,171,896
Contract assets	19.2(a)	**2,388,775,680**	**2,388,775,680**	1,951,878,579	1,951,878,579
Advances to related parties	25.1	**4,428,734,137**	**4,428,734,137**	4,122,109,792	4,122,109,792
		15,886,940,652	**15,988,993,155**	13,216,054,105	13,292,492,841
Financial assets at FVOCI	8	**1,193,560,000**	**1,193,560,000**	1,312,916,000	1,312,916,000
		P 17,080,500,652	**P 17,182,553,155**	P 14,528,970,105	P 14,605,408,841
Financial Liabilities at amortized cost					
Interest-bearing loans and borrowings	14	**P 1,183,333,352**	**P 1,223,014,188**	P 1,416,666,685	P 1,309,618,990
Trade and other payables	15	**1,121,929,991**	**1,121,929,991**	1,606,335,760	1,606,335,760
Lease liabilities	17.1	**59,644,201**	**59,644,201**	159,098,877	159,098,877
Advances from related parties	25.1	**5,237,759,982**	**5,237,759,982**	4,776,873,636	4,776,873,636
Other current liabilities	18	**752,315,411**	**752,315,411**	789,754,303	789,754,303
		P 8,354,982,937	**P 8,394,663,773**	P 8,748,729,261	P 8,641,681,566

Management considers that the fair values of the above enumerated financial assets and financial liabilities measured at amortized costs approximate their carrying values either because these instruments are short-term in nature or the effect of discounting for those with maturities of more than one year is not material (except for interest-bearing loans and borrowings).

See Notes 2.4 and 2.10 for the description of the accounting policies for each category of financial instruments. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 29.

30.2 Offsetting of Financial Assets and Financial Liabilities

The following financial assets with net amounts presented in the consolidated statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts recognized in the consolidated statement of financial position: Financial assets	Financial liabilities set-off	Net amount presented in the consolidated statement of financial position	Related amounts not set-off in the consolidated statement of financial position: Financial instruments	Collateral received	Net amount
December 31, 2020						
Advances to related parties	**P 4,434,057,059**	**(P 5,322,922)**	**P 4,428,734,137**	**P -**	**P -**	**P 4,428,734,137**
December 31, 2019						
Advances to related parties	P 4,128,494,803	(P 6,385,011)	P 4,122,109,792	P -	P -	P 4,122,109,792

The following financial liabilities with net amounts presented in the consolidated statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

	Gross amounts recognized in the consolidated statement of financial position: Financial liabilities	Financial assets set-off	Net amount presented in the consolidated statement of financial position	Related amounts not set-off in the consolidated statement of financial position: Financial instruments	Collateral provided	Net amount
December 31, 2020						
Interest-bearing loans and borrowings	P 1,183,333,352	P -	P 1,183,333,352	(P 761,753,242)	P -	P 421,580,110
Advances from related parties	5,237,759,982	-	5,237,759,982	-	(1,037,430)	5,236,722,552
	P 6,421,093,334	**P -**	**P 6,421,093,334**	**(P 761,753,242)**	**(P 1,037,430)**	**P 5,658,302,662**

	Gross amounts recognized in the consolidated statement of financial position		Net amount presented in the consolidated statement of financial position	Related amounts not set-off in the consolidated statement of financial position		
	Financial liabilities	Financial assets set-off		Financial instruments	Collateral provided	Net amount
December 31, 2019						
Interest-bearing loans and borrowings	P 1,416,666,685	P -	P 1,416,666,685	(P 47,283,039)	(P 28,498,690)	P 1,340,884,956
Advances from related parties	4,776,873,636	-	4,776,873,636	-	(247,328)	4,776,626,308
	P 6,193,540,321	P -	P 6,193,540,321	(P 47,283,039)	(P 28,746,018)	P 6,117,511,264

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements, each agreement between the Group and counterparties (i.e., related parties including subsidiaries and associates) allows for net settlement of the relevant financial assets and financial liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and financial liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

31. FAIR VALUE MEASUREMENT AND DISCLOSURES

31.1 Fair Value Hierarchy

In accordance with PFRS 13*, Fair Value Measurement,* the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy is shown on the succeeding page.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

31.2 Financial Instruments Measured at Fair Value

As of December 31, 2020 and 2019, only the equity securities classified as financial assets at FVOCI in the consolidated statements of financial position is classified as Level 1. These securities were valued based on their market prices quoted in the PSE at the end of each reporting period (see Note 8). There were no other financial assets measured at fair value on these dates. Further, the Group has no financial liabilities measured at fair value as of December 31, 2020 and 2019.

There were no transfers between Levels 1 and 2 in both years.

31.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

Management considers that due to the short duration of these financial assets (except long-term receivables) and financial liabilities measured at amortized cost, their carrying amounts as of December 31, 2020 and 2019 approximate their fair value. Except for cash and cash equivalents which are classified under Level 1, all other financial instruments are classified under Level 3 wherein inputs are not based on observable data.

The fair values of the financial assets and financial liabilities included in Level 3 which are not traded in an active market is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

31.4 Fair Value Measurement of Non-Financial Assets

The table below and on the succeeding page shows the Levels within the hierarchy of investment properties for which fair value is disclosed as of December 31, 2020 and 2019.

	Level 1	Level 2	Level 3	Total
December 31, 2020				
Land	P -	P -	P 40,348,000	P 40,348,000
Buildings and office/commercial units	-	-	2,959,299,395	2,959,299,395
	P -	**P -**	**P 2,999,647,395**	**P 2,99,647,395**
December 31, 2019				
Land	P -	P -	P 40,320,000	P 40,320,000
Buildings and office/commercial units	-	-	2,774,385,046	2,774,385,046
	P -	P -	P 2,814,705,046	P 2,814,705,046

As at December 31, 2020 and 2019, the fair value of the Group's investment properties is classified within Level 3 of the fair value hierarchy. The Group determines the fair value of the investment property using market-based approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property. On the other hand, if the observable recent prices of the reference properties were not adjusted, the fair value is included in Level 2. The most significant input into this valuation approach is the price per square meter; hence, the higher the price per square meter, the higher the fair value.

Also, there were no transfers into or out of Level 3 fair value hierarchy in 2020 and 2019.

32. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Capital components for cost of capital purposes include loans and borrowings, preferred stock, common equity and retained earnings. The Group may issue new shares and may prepay some of its interest-bearing loans. Further, it intends to allocate its earnings and available cash in the acquisition and development of new/existing properties to ensure continuous business activities.

The Group monitors its capital gearing by measuring the ratio of interest-bearing loans and borrowings to total capital. As of December 31, the Group's ratio of interest-bearing loans and borrowings to equity is as follows:

	2020	2019
Interest-bearing loans and borrowings	**P 1,183,333,352**	P 1,416,666,685
Total equity	**29,020,950,651**	28,603,725,056
Debt-to-equity ratio	**0.04 : 1.00**	0.05 : 1.00

The Group has complied with its covenant obligations, including maintaining the required debt-to-equity ratio for both years (see Note 14).

33. RECONCILATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below is the reconciliation of the Group's liabilities arising from financing activities, which includes both cash and non-cash changes.

	Interest-bearing Loans and Borrowings (See Note 14)	**Advances from Related Parties** (See Note 25.2)	**Lease Liabilities** (See Note 17.1)	**Interest Payable** (See Note 15)	**Total**
Balance as at January 1, 2020	P 1,416,666,685	P 4,776,873,636	P 159,098,877	P 2,739,677	P 6,355,378,875
Cash flows from financing activities:					
Repayment of loans and borrowings	(733,333,333)	(49,302,129)	(13,866,415)	(64,977,678)	(861,479,555)
Additional loans and borrowings	500,000,000	222,641,168	-	-	722,641,168
Non-cash financing activities:					
Effect of derecognition of PFRS 16	-	-	(93,463,135)	-	(93,463,135)
Accrual of interest	-	287,547,307	7,874,874	63,773,406	359,195,587
Balance as of December 31, 2020	**P 1,183,333,352**	**P 5,237,759,982**	**P 59,644,201**	**P 1,535,405**	**P 6,482,272,940**
Balance as at January 1, 2019	P 2,056,736,482	P 4,578,102,879	P -	P 6,462,956	P 6,641,302,317
Cash flows from financing activities:					
Additional loans and borrowings	-	13,129,665	-	-	13,129,665
Repayment of loans and borrowings	(640,069,797)	(79,581,067)	(52,824,440)	(125,733,749)	(898,209,053)
Non-cash financing activities:					
Effect of adoption of PFRS 16	-	-	204,058,302	-	204,058,302
Accrual of interest	-	265,222,159	7,865,015	122,010,470	395,097,644
Balance as of December 31, 2019	P 1,416,666,685	P 4,776,873,636	P 159,098,877	P 2,739,677	P 6,355,378,875

In 2019, PCMI issued its subscribed shares to AGI for a total consideration of P930.0 million. There was no similar transaction in 2018 and 2020.

34. EVENT AFTER THE END OF THE REPORTING PERIOD

On March 26, 2021, R.A. No. 11534, Corporate Recovery and Tax Incentives for Enterprises Act (CREATE Law), amending certain provisions of the National Internal Revenue Code of 1997, as amended, was signed into law and shall be effective beginning July 1, 2020. The following are the major changes brought about by the CREATE Law that are relevant to the entities within the Group:

- regular corporate income tax rate is decreased from 30% to 25% starting July 1, 2020;
- minimum corporate income tax rate is decreased from 2% to 1% starting July 1, 2020 until June 30, 2023;
- the imposition of 10% tax on improperly accumulated retained earnings is repealed; and,
- the allowable deduction for interest expense is reduced by 20% (from 33%) of the interest income subjected to final tax.

Given that the CREATE Act was signed after the end of the current reporting period, the Group determined that this event is a non-adjusting subsequent event. Accordingly, its impact was not reflected in the Group's consolidated financial statements as of and for the year ended December 31, 2020, and instead, will be taken up prospectively in the next applicable reporting period. The Group used the prevailing tax rates as of December 31, 2020 in determining its current and deferred taxes in its 2020 consolidated financial statements.

As a result of the application of the lower RCIT rate of 25% starting July 1, 2020, the current income tax expense and income tax payable, as presented in the 2020 annual income tax return (ITR) of some entities within the Group, would be lower than the amount presented in the 2020 consolidated financial statements.

In addition, the recognized net deferred tax assets (or liability) as of December 31, 2020 would be remeasured to 25% in the 2021 consolidated financial statements except for LBASSI. This will result in a decline in the recognized deferred tax liabilities by around P14.8 million, and decline in current tax by P12.4 million in 2020 and will be charged to 2021 profit or loss, unless it can be recognized in other comprehensive income as provided in the applicable financial reporting standard. DTA would be at 1% corporate income tax rate on Proprietary Educational Institutions amounting to P0.89 million for LBASSI.

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Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Consolidated Financial Statements

Punongbayan & Araullo
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1200 Makati City
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The Board of Directors and Stockholders
Empire East Land Holdings, Inc. and Subsidiaries
(A Subsidiary of Megaworld Corporation)
12th Floor, Alliance Global Tower
36th Street cor. 11th Avenue
Uptown Bonifacio, Taguig City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Empire East Land Holdings, Inc. and Subsidiaries (the Group) for the year ended December 31, 2020, on which we have rendered our report dated April 7, 2021. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of Revised Securities Regulation Code Rule 68, and is not a required part of the basic consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the Group's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: **Renan A. Piamonte**
Partner

CPA Reg. No. 0107805
TIN 221-843-037
PTR No. 8533237, January 4, 2021, Makati City
SEC Group A Accreditation
Partner - No. 107805-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-037-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

April 7, 2021

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)

December 31, 2020

**Information therein are based on the separate financial statements of the Parent Company*

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
Schedule A - Financial Asset at Fair Value Through Other Comprehensive Income
December 31, 2020

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount in Peso	Equity in earnings (losses) of investee for the period	Other	Distibution of earnings by investee	Other	Number of shares or principal amount of bonds and notes	Amount in Peso	Dividends received from investments not accounted for by the equity method
Financial Asset at Fair Value Through OCI									
Alliance Global Group, Inc.	112,600,000.00	1,193,560,000.00						1,193,560,000	

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES

(A Subsidiary of Megaworld Corporation)

Schedule B- Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)

December 31, 2020

Name and designation of debtor	Balance at Beginning of period	Additions/Transfer 2020	Deductions		Ending Balance		Balance at end of period
			Amounts collected	Amounts written off	Current	Not current	
Advances to Officers and Employees:							
Asuncion, Amiel Victor A.	77,406		(77,406)		-		-
Cacho, Evelyn G.	564,797		(173,029)		391,768		391,768
Edaño, Dennis E.	881,296		(127,306)		753,990		753,990
Garilao, Leilani M.	70,544		(70,544)		-		-
Gregorio, Ricardo B.	504,183		(139,661)		364,522		364,522
Jacobe, Joel Ramon A.	153,827		(73,376)		80,451		80,451
Jacobe, Elmer Y.	349,944		(73,228)		276,716		276,716
Llaga, Jhoanna Lyndelou T.	238,601		(128,780)		109,821		109,821
Lopez, Mark Lawrence D.	333,657		(74,147)		259,510.00		259,510
Libago, Ricky S.	874,482		(196,760)		677,722		677,722
Madridejos, Arminius M.	452,263		(138,571)		313,692		313,692
Manansala, Kim Camille B.	153,913		(73,376)		80,537		80,537
Ramos, Franemil T.	814,135		(225,862)		588,273		588,273
Romero, Gemma O.	340,174		(73,778)		266,396		266,396
Sioson-Bumatay, Celeste Z.	1,213,986		(129,639)		1,084,347		1,084,347
	7,023,208	-	(1,775,463)	-	5,247,745	-	5,247,745

Note: Please refer to Schedule C for Amounts Receivable from Related parties.

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
Schedule C - Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
December 31, 2020

Name and Designation of debtor	Balance of beginning period	Balance at the end of period
Eastwood Properties Holdings, Inc.	864,942,444	**864,942,444**
Empire East Communities Inc.	233,435,175	**232,735,070**
Valle Verde Properties, Inc.	63,832,335	**64,188,046**
Sonoma Premier Land Inc.	22,030,437	**22,235,294**
Sherman Oak Holdings Inc.	20,070,536	**20,275,543**
20th Century Properties, Inc.	726,351	**977,362**
Laguna Bel Air Science School, Inc.	11,687,889	**-**
TOTAL	1,216,725,167	**1,205,353,759**

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
Schedule D - Intangible Assets - Other Assets
December 31, 2020

			Deduction			
Description	**Beginning Balance**	**Additions at Cost**	**Charged to Cost and Expenses**	**Charged to Other Accounts**	**Other Changes Additions (Deductions)**	**Ending Balance**
Goodwill	78,326,757					78,326,757
Computer software	54,717,213		(10,943,442)			43,773,771
	133,043,970	-	(10,943,442)	-	-	122,100,528

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
Schedule E - Long-Term Debt
December 31, 2020

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown Under Caption"Current Portion of Long-term Debt" in Related Statement of Financial Position	Amount Shown Under Caption"Long-term Debt" in related Statement of Financial Position
Loans	1,183,333,352	933,333,352	250,000,000

Unsecured fixed-interest Loans are payable up to 2022 and bears fixed interest rates from 3.1 % to 5.6%.

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
Schedule F - Indebtedness to Related Parties (Other than Affiliates)
December 31, 2020

Name of Related Party	Balance at Beginning of Year	Balance at End of Year
Megaworld Corporation	P 3,906,101,926	**P 4,404,428,840**
Gilmore Property Marketing Association	386,937,980	**385,349,452**
McKester Piknik International Ltd.	429,852,042	**394,000,001**
Others	53,981,689	**53,981,689**
	4,776,873,637	**5,237,759,982**

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
Schedule H - Capital Stock
December 31, 2020

				Number of Shares Held by		
Title of Issue	**Number of Shares Authorized**	**Number of Shares Issued and Outstanding as Shown Under the Related Statement of Financial Position Caption**	**Number of Shares Reserved for Options, Warrants, Conversion and Other Rights**	**Related Parties**	**Directors, Officers and Employees**	**Others**
Preferred shares	**2,000,000,000**	**-**				
Common shares	**31,495,200,000**	**14,676,199,167 ***		**11,994,426,438**	**24,324,913**	**2,657,447,816**

** Number of shares issued and outstanding net of 127,256,071 Treasury Shares.*

EMPIRE EAST LAND HOLDINGS, INC.
(A Subsidiary of Megaworld Corporation)
12th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig city
Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended December 31, 2020

Unappropriated Retained Earnings at Beginning of Year,	P	6,335,528,178
Prior Years' Outstanding Reconciling Items, net of tax		
Deferred tax income	(	182,199,562)
Unappropriated Retained Earnings Available for Dividend Declaration at Beginning of Year, as Adjusted		6,153,328,616
Net Profit Realized during the Year		
Net profit per audited financial statements		454,355,723
Non-actual/unrealized income, net of tax		
Deferred tax income	(	60,807,262)
Retained Earnings Restricted for Treasury Shares	(	102,106,658)
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year	**P**	**6,444,770,419**

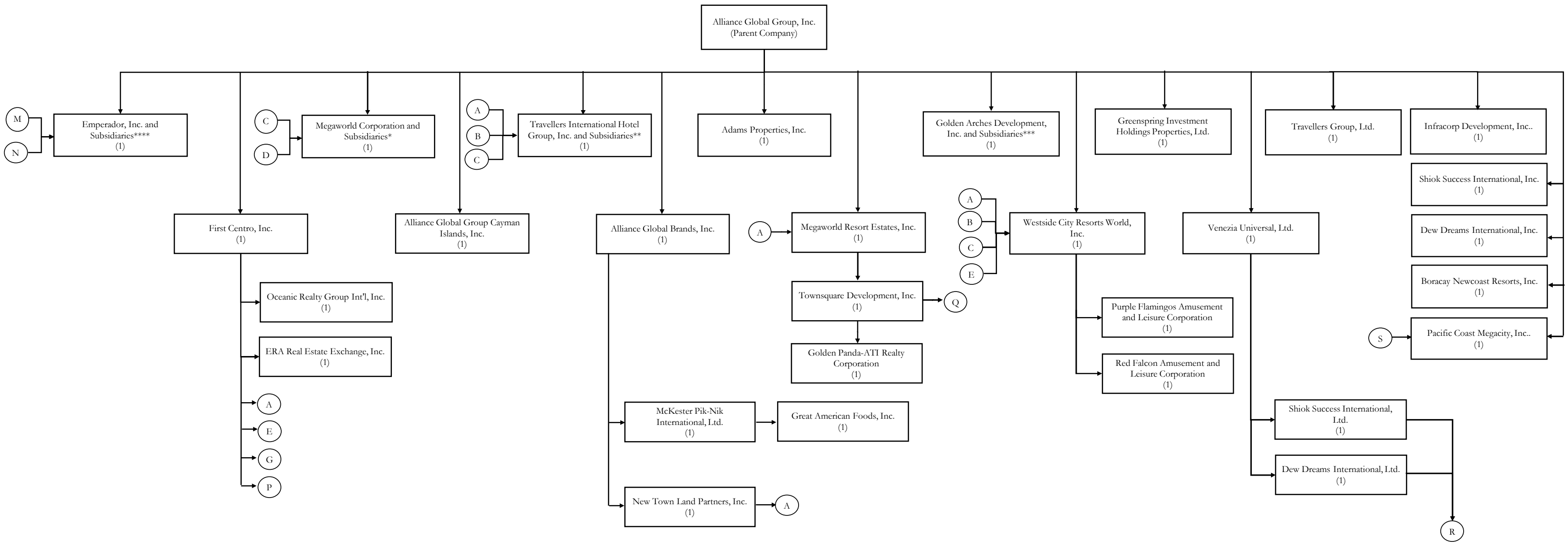
EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
Summary of Application of SRO Proceeds
December 31, 2020

	BASED ON IPO PROSPECTUS	BASED ON ACTUAL
SRO Proceeds	**P 2,695,239,834**	**P 2,695,239,834**
Less: SRO related expenses	**5,239,834**	**5,239,834**
Net proceeds	**2,690,000,000**	**2,690,000,000**
Less: Disbursements		
Construction Site Development	**1,800,000,000**	**1,885,000,000**
Pioneer Woodlands	800,000,000	350,000,000
San Lorenzo Place	700,000,000	532,081,376
The Rochester	300,000,000	275,267,709
Kasara	-	140,479,357
Sonoma	-	70,000,000
Little Baguio Terraces	-	314,520,643
South Science Park	-	202,650,915
Landbanking	**890,000,000**	**805,000,000**
Total Disbursements	**2,690,000,000**	**2,690,000,000**
Remaining Balance of Proceeds, as at December 31, 2020		**-**

Supplementary information on the Summary of Application of SRO Proceeds –

The proceeds were subsequently reallocated and transferred to fund the urgent construction of other projects that have exceeded their respective allocations.

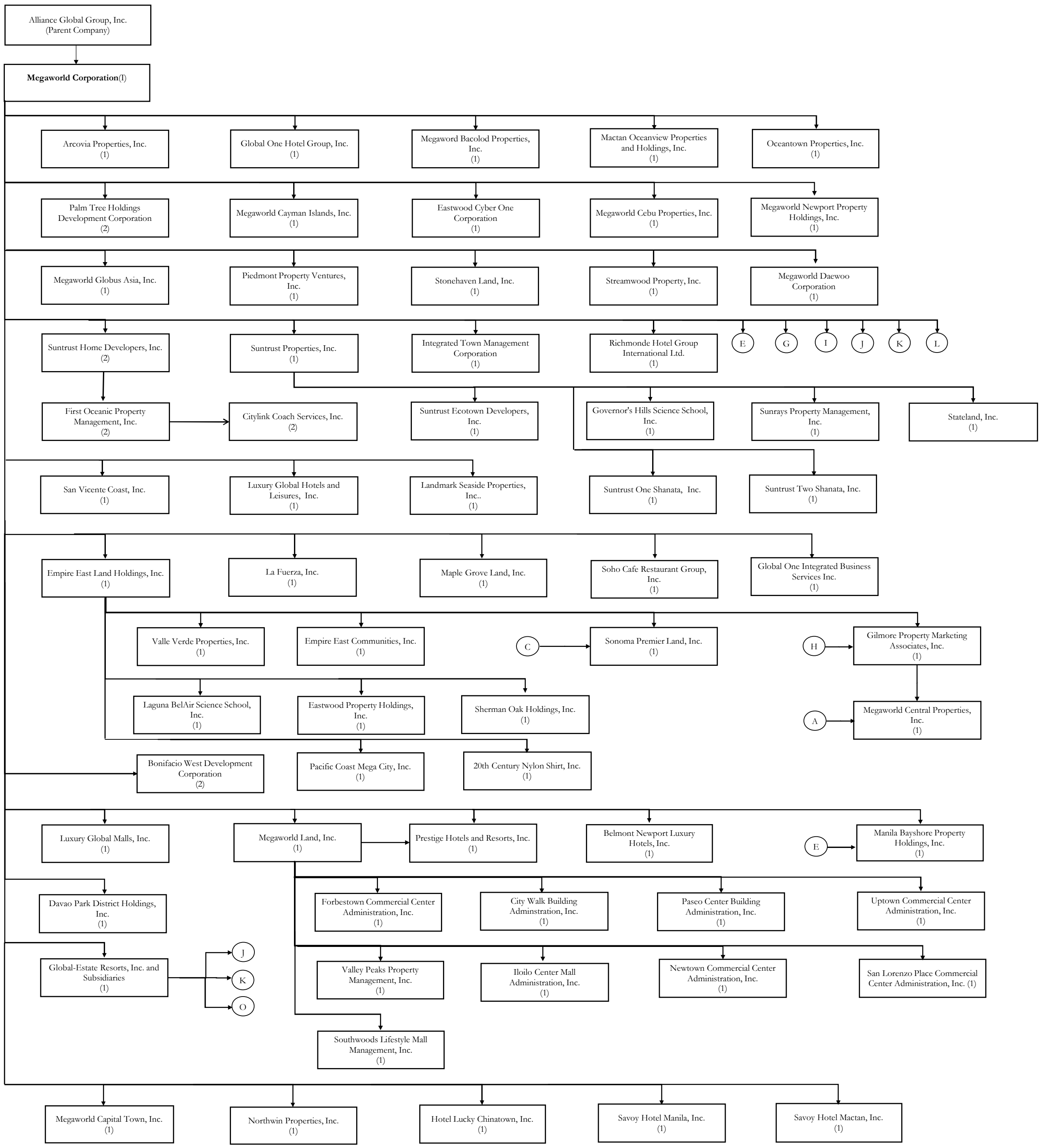
EMPIRE EAST LAND HOLDINGS, INC.
Map Showing the Relationship Between Alliance Global Group, Inc.
and its Related Parties
December 31, 2020



Legend

(1)	Subsidiary	A	Megaworld Corporation	F	Manila Bayshore Property Holdings, Inc.	K	Megaworld Global Estates, Inc.	P	Sonoma Premier Land, Inc.
(2)	Associate	B	Adams Properties, Inc.	G	Westside City Resorts World, Inc.	L	Megaworld Central Properties, Inc.	Q	Gilmore Property Marketing Associates, Inc.
(3)	Jointly Controlled Entity	C	First Centro, Inc.	H	Townsquare Development, Inc.	M	Shiok Success International, Ltd.	R	Emperador Inc.
		D	Newtown Land Partners, Inc.	I	Megaworld Resort Estates, Inc.	N	Dew Dreams International, Ltd.	S	Empire East Land Holdings, Inc.
		E	Travellers International Hotel Group, Inc.	J	Twin Lakes Corporation	O	Southwoods Mall, Inc.		

EMPIRE EAST LAND HOLDINGS, INC.
Map Showing the Relationship Between Alliance Global Group, Inc.
and its Related Parties
December 31, 2020

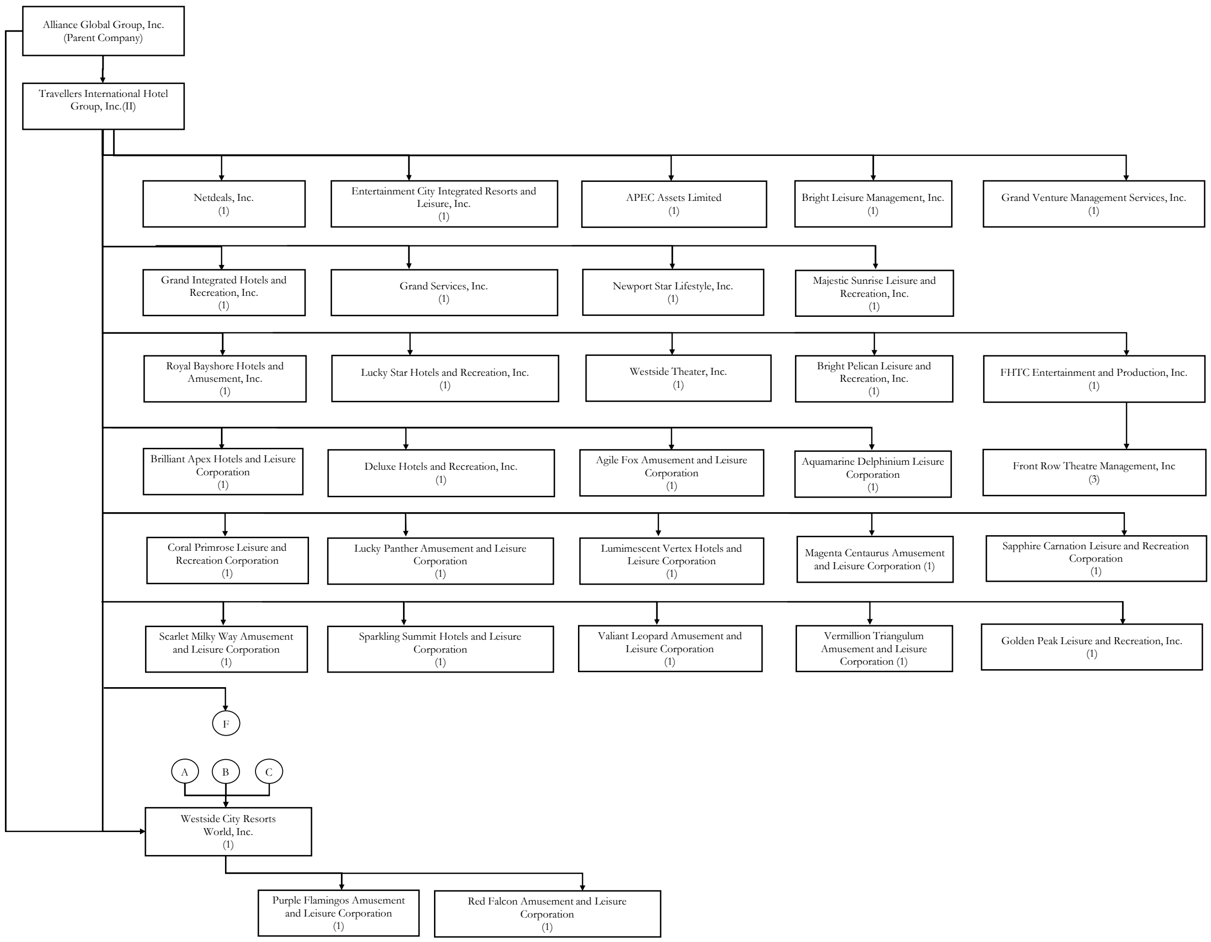


Legend

Relationship with Megaworld Corporation

(1)	Subsidiary		
(2)	Associate		
(3)	Jointly Controlled Entity		
A	Megaworld Corporation	J	Twin Lakes Corporation
B	Adams Properties, Inc.	K	Megaworld Global Estates, Inc.
C	First Centro, Inc.	L	Megaworld Central Properties, Inc.
D	Newtown Land Partners, Inc.	M	Shiok Success International, Ltd.
E	Travellers International Hotel Group, Inc.	N	Dew Dreams International, Ltd.
F	Manila Bayshore Property Holdings, Inc.	O	Southwoods Mall, Inc.
G	Westside City Resorts World, Inc.	P	Sonoma Premier Land, Inc.
H	Townsquare Development, Inc.	Q	Gilmore Property Marketing Associates, Inc.
I	Megaworld Resort Estates, Inc.	R	Emperador Inc.

EMPIRE EAST LAND HOLDINGS, INC.
Map Showing the Relationship Between Alliance Global Group, Inc.
and Travellers Group
December 31, 2020

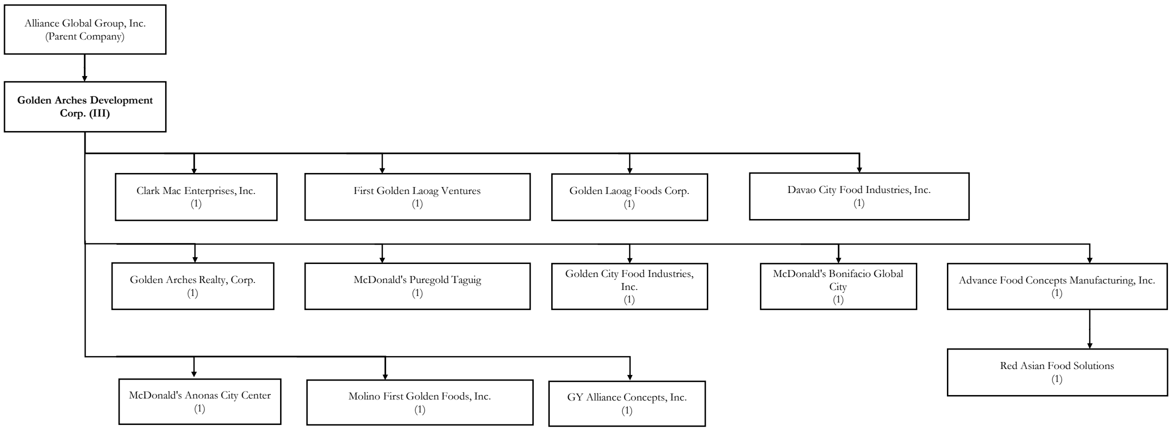


Legend

Relationship with Travellers International Hotel Group, Inc.

(1)	Subsidiary		
(2)	Associate		
(3)	Jointly Controlled Entity		
A	MegaworldCorporation	J	Twin Lakes Corporation
B	Adams Properties, Inc.	K	Megaworld Global Estates, Inc.
C	First Centro, Inc.	L	Megaworld Central Properties, Inc.
D	Newtown Land Partners, Inc.	M	Shiok Success International, Ltd.
E	Travellers International Hotel Group, Inc.	N	Dew Dreams International, Ltd.
F	Manila Bayshore Property Holdings, Inc.	O	Southwoods Mall, Inc.
G	Westside City Resorts World, Inc.	P	Sonoma Premier Land, Inc.
H	Townsquare Development, Inc.	Q	Gilmore Property Marketing Associates, Inc.
I	Megaworld Resort Estates, Inc.	R	Emperador Inc.

EMPIRE EAST LAND HOLDINGS, INC.
Map Showing the Relationship Between Alliance Global Group, Inc.
and Golden Arches Development Corporation Group
December 31, 2020



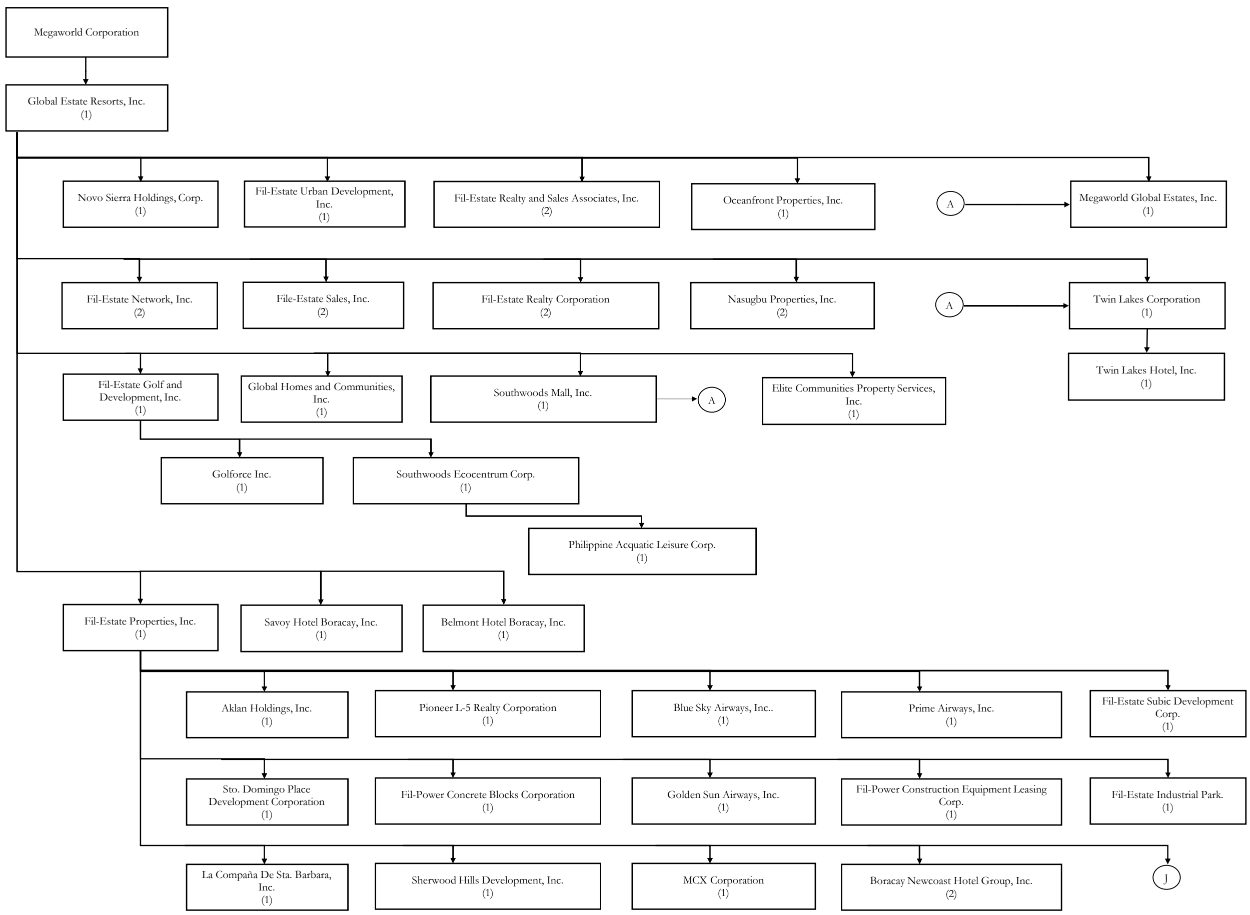
Legend

Relationship with Golden Arches Development Corporation

(1) Subsidiary
(2) Associate
(3) Jointly Controlled Entity

A	MegaworldCorporation	J	Twin Lakes Corporation
B	Adams Properties, Inc.	K	Megaworld Global Estates, Inc.
C	First Centro, Inc.	L	Megaworld Central Properties, Inc.
D	Newtown Land Partners, Inc.	M	Shiok Success International, Ltd.
E	Travellers International Hotel Group, Inc.	N	Dew Dreams International, Ltd.
F	Manila Bayshore Property Holdings, Inc.	O	Southwoods Mall, Inc.
G	Westside City Resorts World, Inc.	P	Sonoma Premier Land, Inc.
H	Townsquare Development, Inc.	Q	Gilmore Property Marketing Associates, Inc.
I	Megaworld Resort Estates, Inc.	R	Emperador Inc.

EMPIRE EAST LAND HOLDINGS, INC.
Map Showing the Relationship Between and
Among Megaworld and Global Estate Resorts Inc. Group
December 31, 2020

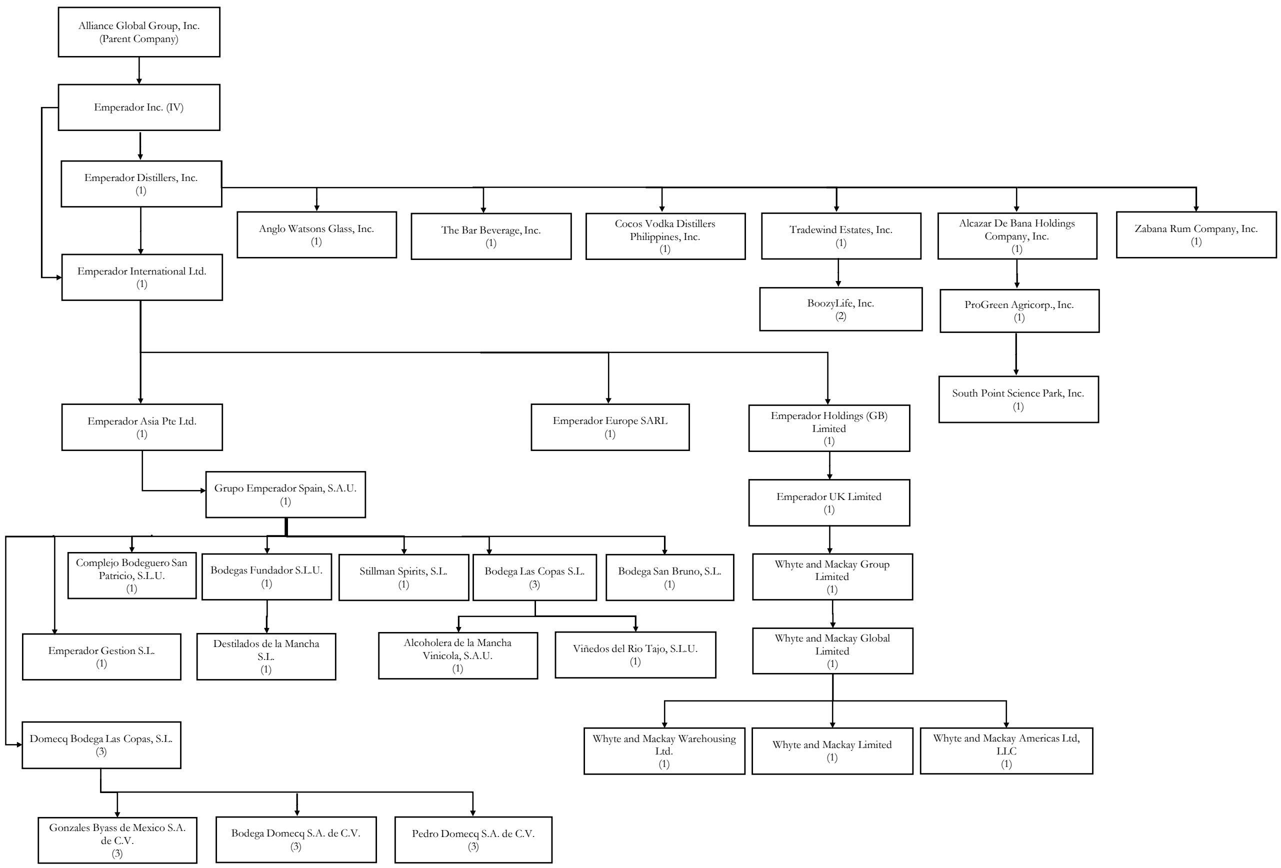


Legend

(1) Subsidiary
(2) Associate
(3) Jointly Controlled Entity

A	MegaworldCorporation	J	Twin Lakes Corporation
B	Adams Properties, Inc.	K	Megaworld Global Estates, Inc.
C	First Centro, Inc.	L	Megaworld Central Properties, Inc.
D	Newtown Land Partners, Inc.	M	Shiok Success International, Ltd.
E	Travellers International Hotel Group, Inc.	N	Dew Dreams International, Ltd.
F	Manila Bayshore Property Holdings, Inc.	O	Southwoods Mall, Inc.
G	Westside City Resorts World, Inc.	P	Sonoma Premier Land, Inc.
H	Townsquare Development, Inc.	Q	Gilmore Property Marketing Associates, Inc.
I	Megaworld Resort Estates, Inc.	R	Emperador Inc.

EMPIRE EAST LAND HOLDINGS, INC.
Map Showing the Relationship Between Alliance Global Group, Inc.
and Emperador Group
December 31, 2020



Legend
Relationship with Emperador Inc.
(1) Subsidiary (100%)
(2) Subsidiary (51%)
(3) Subsidiary (50%)
(4) Jointly Controlled Entity

P&A
Grant Thornton

Report of Independent Auditors on Components of Financial Soundness Indicators

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

The Board of Directors and the Stockholders
Empire East Land Holdings, Inc. and Subsidiaries
(A Subsidiary of Megaworld Corporation)
12th Floor, Alliance Global Tower
36th Street cor. 11th Avenue
Uptown Bonifacio, Taguig City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Empire East Land Holdings, Inc. and Subsidiaries (the Group) for the year ended December 31, 2020 and 2019, on which we have rendered our report dated April 7, 2021. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, is 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 purposes 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 consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2020 and 2019 and for the years then ended and no material exceptions were noted.

PUNONGBAYAN & ARAULLO

By: **Renan A. Piamonte**
Partner

CPA Reg. No. 0107805
TIN 221-843-037
PTR No. 8533237, January 4, 2021, Makati City
SEC Group A Accreditation
Partner - No. 107805-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-037-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

April 7, 2021

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
Supplemental Schedule of Financial Soundness Indicators
December 31, 2020 and 2019

Ratio	Formula	2020	Formula	2019
Current ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets 40,513,752,019 Divide by: Total Current Liabilities 13,531,102,626 Current ratio 2.99	2.99	Total Current Assets divided by Total Current Liabilities Total Current Assets 39,673,863,735 Divide by: Total Current Liabilities 12,966,482,953 Current ratio 3.06	3.06
Acid test ratio	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities Total Current Assets 40,513,752,019 Less: Inventories (23,424,845,196) Other Current Assets (7,517,013,131) Quick Assets 9,571,893,692 Divide by: Total Current Liabilities 13,531,102,626 Acid test ratio 0.71	0.71	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities Total Current Assets 39,673,863,735 Less: Inventories (25,236,564,577) Other Current Assets (6,411,412,895) Quick Assets 8,025,886,262 Divide by: Total Current Liabilities 12,966,482,953 Acid test ratio 0.62	0.62
Solvency ratio	Total Liabilities divided by Total Assets Total Liabilities 16,386,056,078 Divide by: Total Assets 45,407,006,729 Solvency ratio 0.36	0.36	Total Liabilities divided by Total Assets Total Liabilities 16,238,341,134 Divide by: Total Assets 44,842,066,190 Solvency ratio 0.36	0.36
Debt-to-equity ratio	Total Liabilities divided by Total Equity Total Liabilities 16,386,056,078 Divide by: Total Equity 29,020,950,651 Debt-to-equity ratio 0.56	0.56	Total Liabilities divided by Total Equity Total Liabilities 16,238,341,134 Divide by: Total Equity 28,603,725,055 Debt-to-equity ratio 0.57	0.57
Assets-to-equity ratio	Total Assets divided by Total Equity Total Assets 45,407,006,729 Divide by: Total Equity 29,020,950,651 Assets-to-equity ratio 1.56	1.56	Total Assets divided by Total Equity Total Assets 44,842,066,190 Divide by: Total Equity 28,603,725,056 Assets-to-equity ratio 1.57	1.57
Interest rate coverage ratio	Earnings before interest and taxes (EBIT) divided by Interest expense EBIT 1,012,955,508 Divide by: Interest expense 359,195,589 Interest rate coverage ratio 3.07	3.07	Earnings before interest and taxes (EBIT) divided by Interest expense EBIT 1,234,265,086 Divide by: Interest expense 398,820,922 Interest rate coverage ratio 3.09	3.09
Return on equity	Net Profit divided by Average Total Equity Net Profit 524,942,327 Divide by: Average Total Equity 28,812,337,854 Return on equity 0.02	0.02	Net Profit divided by Average Total Equity Net Profit 615,563,311 Divide by: Average Total Equity 28,149,407,432 Return on equity 0.02	0.02
Return on assets	Net Profit divided by Average Total Assets Net Profit 524,942,327 Divide by: Average Total Assets 45,124,536,460 Return on assets 0.01	0.01	Net Profit divided by Average Total Assets Net Profit 615,563,311 Divide by: Average Total Assets 43,721,128,963 Return on assets 0.01	0.01
Net profit margin	Net Profit divided by Total Revenue Net Profit 524,942,327 Divide by: Total Revenue 5,110,355,460 Net profit margin 0.10	0.10	Net Profit divided by Total Revenue Net Profit 615,563,311 Divide by: Total Revenue 5,141,414,743 Net profit margin 0.12	0.12

Trucost
ESG Analysis

S&P Global

Empire East

Empire East Land Holdings Inc.

ESG REPORT

FINANCIAL YEAR 2020

Credits

Vivian Zheng | Account Director
Deepti Panchratna | Senior Analyst
Vandana Gaur | Senior Specialist

About Trucost
Trucost is part of S&P Global. A leader in carbon and environmental data and risk analysis, Trucost assesses risks relating to climate change, natural resource constraints, and broader environmental, social, and governance factors. Companies and financial institutions use Trucost intelligence to understand their ESG exposure to these factors, inform resilience and identify transformative solutions for a more sustainable global economy. S&P Global's commitment to environmental analysis and product innovation allows us to deliver essential ESG investment-related information to the global marketplace. For more information, visit www.trucost.com.

About S&P Global
S&P Global (NYSE: SPGI) is a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.
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Trucost
ESG Analysis

S&P Global

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About Empire East

Empire East Land Holdings, Inc. (the Company) and its subsidiaries (collectively Empire East or the Group) is a company operating in the real estate sector. Based in the Philippines, Empire East was initially part of Megaworld Corporation. In 1994, Empire East branched out as an independent company and is registered on the Philippine Stock Exchange. Empire East specializes in construction of residential communities and condominiums primarily catering to the middle income market segment.

The real estate sector consumes significant amounts of energy primarily related to space heating, air conditioning, water heating, lighting and use of equipment and appliances. In addition, the sector consumes significant amounts of water in its operations through water fixtures, building equipment, appliances and irrigation. Moreover, the sector generates large amounts of waste through its operations that needs to be disposed of responsibly.

The real estate sector is subjected to stringent government rules and regulations, exposing it to a number of governance-related risks. In order to manage and avoid these risks, companies in the industry can implement a range of governance measures, including employee training, oversight, policies, procedures, and enforcement systems focused on transparency and appropriate disclosures. Effective management of these risks can lead to increased client trust and brand value in the market, adding to long-term revenue growth. Inadequate management of risks may lead to regulatory fines and penalties, as well as decreased client trust and a loss of Empire East's social license to operate.

Introduction

Empire East engaged Trucost to review its reporting of environmental, social and governance (ESG) impacts for the financial year of 2020 (FY2020), which comprised January 2020-December 2020. Empire East is interested in measuring its baseline ESG impact that it can use to track progress against ESG-related activities over time. The results from this report are in line with common sustainability reporting frameworks such as Global Reporting Initiative (GRI), Carbon Disclosure Projects (CDP), Sustainability Accounting Standards Board (SASB) and Task Force on Climate-related Financial Disclosures (TCFD), among others, and can satisfy the sustainability reporting requirements for the Philippines Stock Exchange.

Proactively identifying key materiality issues provides companies with the opportunity to increase their value, both in businesses and financial terms. Focusing on these material ESG issues can allow companies to positively impact their growth in terms of profit and customers, while failure to address these issues can have an effect on a Group's reputation and profits. Through the ESG report, Empire East can communicate the Group's commitment to sustainable development and its key achievements, practices, and management approaches to its target audiences and stakeholders.

Scope

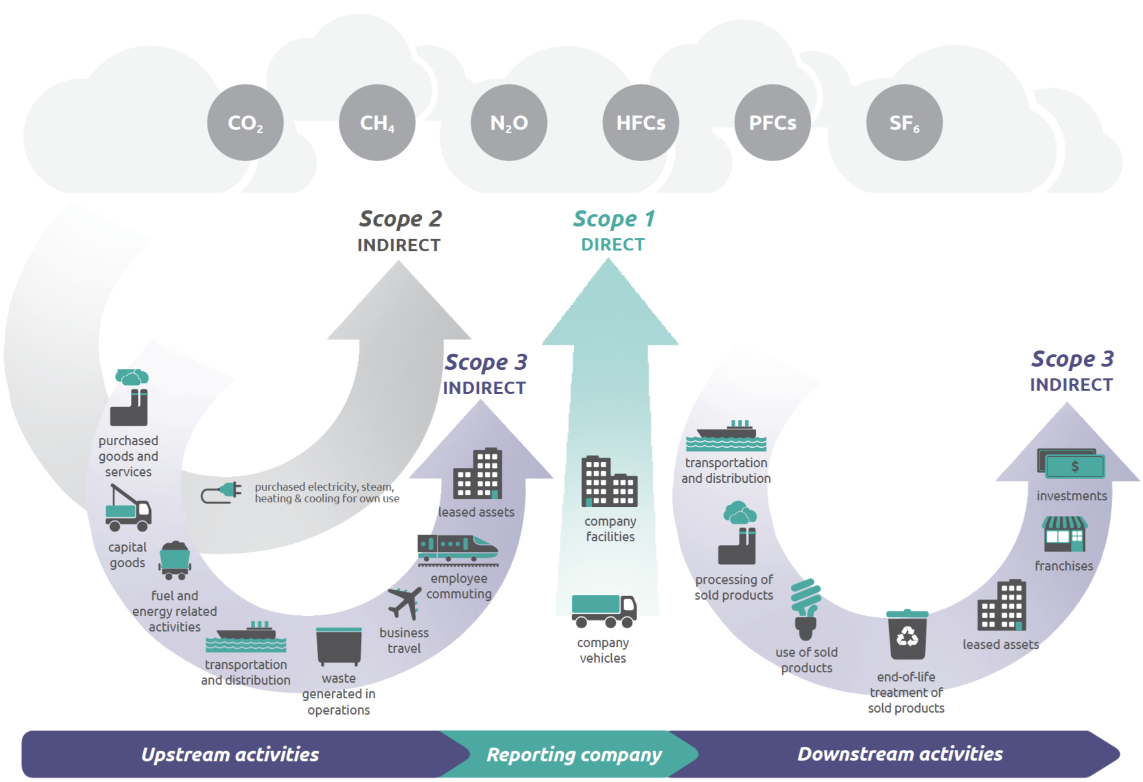
Empire East assessed and disclosed environmental, social and governance impacts for its owned buildings and operations and for Laguna BelAir Science School. Laguna BelAir Science School, Inc. is a subsidiary of Empire East Land Holdings, Inc. with 72.5% ownership. However, we accounted for 100% of the environmental and social performance for LBASS to align with its parent Alliance Global Inc.'s consolidation approach. Additionally, Eastwood Property Holdings, Inc. (EPHI) is a wholly owned subsidiary of the Company, however it was excluded from the report as it is operated by Megaworld Corporation. EPHI will be included in succeeding sustainability reports.

Environmental indicators covered include:

- GHG emissions, scope 1, 2 and select scope 3 (see figure 1 below)
- Electricity use
- Waste generation
- Water use
- Environmental standards

The figure below summarizes an organization's sources of GHG emissions, across scope 1 (direct emissions), scope 2 (indirect emissions, primarily purchased electricity) and scope 3 (indirect emissions from upstream suppliers and downstream customers).

FIGURE 1: SCOPE OF VALUE CHAIN GHG EMISSIONS FOOTPRINT



Source: WRI (2015) GHG Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard

Social indicators covered include:

- Workforce diversity
- Workforce safety
- Employee training and development
- CSR Initiatives
- Attrition rate

Governance indicators covered include:

- Data privacy and security
- Electronic waste
- Stakeholder management
- Business ethics

Methodology

This report includes material ESG data from all business units, subsidiaries, and operations where Empire East maintains operational control. The financial control approach is applied to align with Empire East's and its parent Alliance Global Inc's. method of revenue consolidation for financial reporting.

Empire East provided Trucost with site location records, electricity data, water use data, waste data, and business travel data. Based on the information provided, the data covers 100% of the sites' full-time employees (FTEs). Where data was not available for individual sites, Trucost applied assumptions.

Trucost calculated Scope 1 emissions from fuel usage for stationary consumption and for vehicles.

Trucost calculated Scope 2 emissions from electricity consumption data. Trucost also calculated Scope 3 emissions related to waste, e-waste and business travel.

The Greenhouse Gas Protocol methodology for compiling GHG data is used to assess carbon footprint. This includes the following material GHGs: CO2 (carbon dioxide), N2O (nitrous oxide) and CH4 (methane). The following emission conversion factor sources are used in calculations:

- Fuel usage: Defra 2020
- Purchased electricity: Philippines GRID factor
- Business travel: Defra 2020
- Waste: Defra 2020

All commentary and metrics in the social and governance sections of this report were provided by Empire East. No calculations were required to compile these metrics.

Board Statement

The board of directors of the Company (the "Board" or the "Directors") is committed to maintaining a high standard of corporate governance and transparency within the Group and adopt sustainability reporting practices based on the Securities Exchange Commission's Sustainability Reporting Guidelines for Publicly-Listed Companies ("Guidelines"). The Board has adopted the Guidelines where appropriate to strengthen corporate governance and reporting practice and foster greater corporate disclosure.

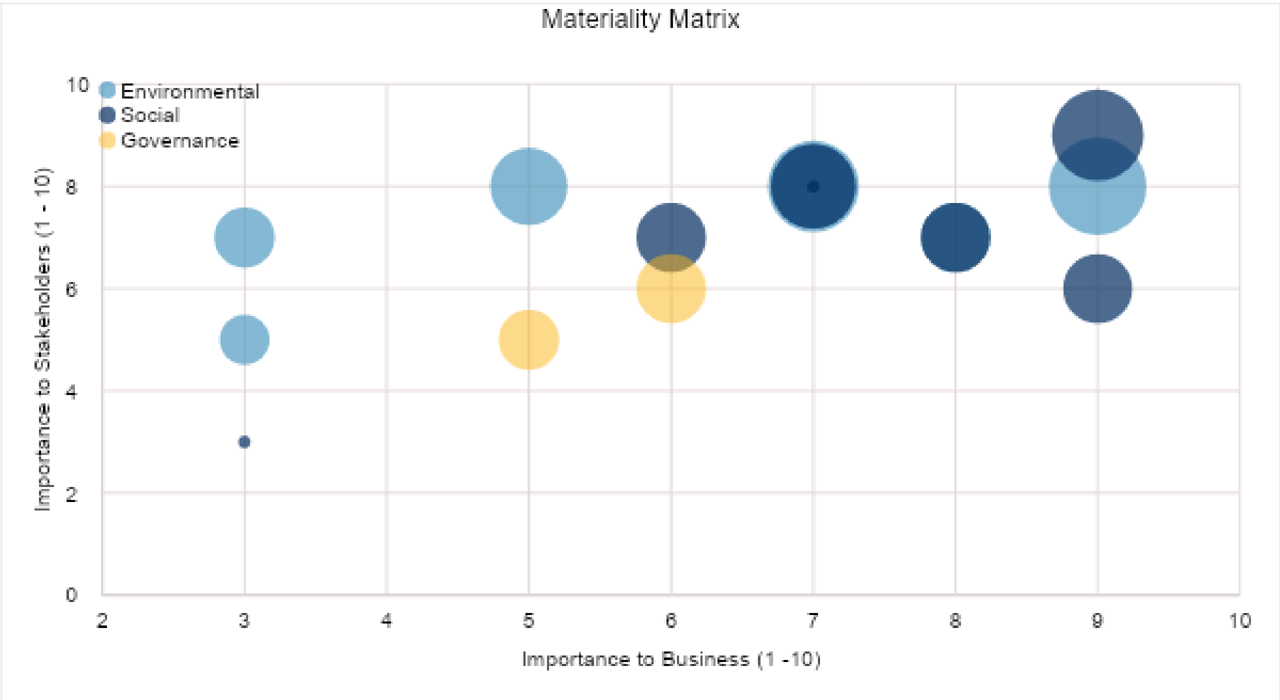
In addition, it has embraced the SEC Memorandum Circular, which requires every listed issuer to prepare an annual sustainability report. This report is developed in line with the Guidelines on a 'comply or explain' basis. The policies, targets, risks and opportunities identified within an external independent review are monitored and reported within this ESG report and the Board commits to oversee the appropriate activities are undertaken to achieve the good practice targets set.

The Group recognizes the importance of good governance for continued growth and investors' confidence. In line with the commitment by the Group to maintaining high standards of corporate governance, the Group will continually review its corporate governance processes to strive to fully comply with the Guidelines. The Board confirms that for the financial year ended 31 December 2020 ("FY2020"), the Group has generally adhered to the principles and guidelines set out in the Guidelines, and where there are deviations from the Guidelines, appropriate explanations are provided.

ESG Materiality

Trucost considered sector-level materiality to identify ESG issues relevant to companies operating in the associated sectors. These themes were identified using GRI, SASB, investor trend review and a wider literature review. Sector-level materiality was identified and refined based on specific practices of the Group. Exhibit 1 shows the ESG materiality graph for Empire East. The material topics shown in the graph are identified across three categories – environment, social and governance. The bubbles in light blue represent material environmental topics, the bubbles in dark blue represent material social topics and the bubbles in yellow represent the governance topics material to Empire East in FY2020.

EXHIBIT 1: MATERIALITY MATRIX



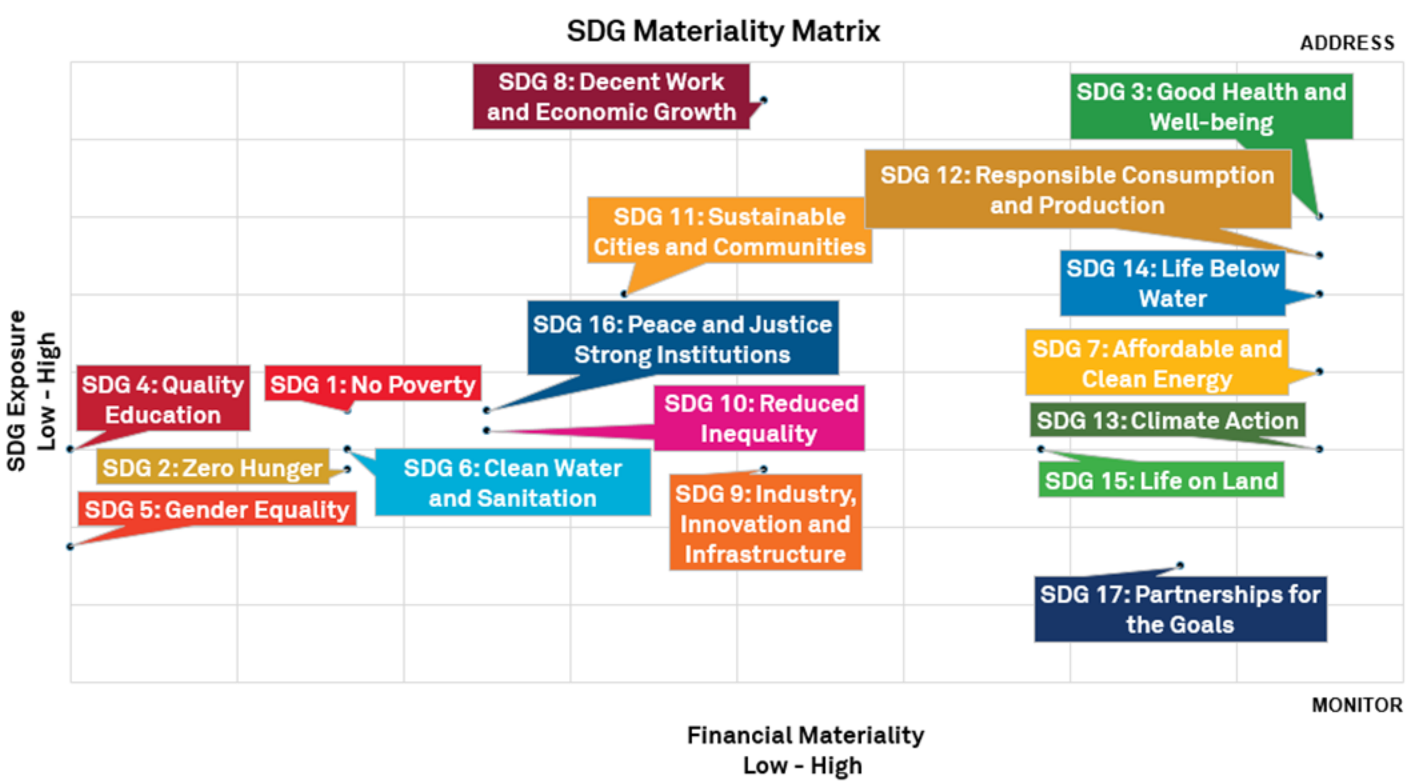
The y-axis represents the importance of the material topics to stakeholders on a scale of 1 to 10. These stakeholders include internal and external stakeholders of Empire East. The x-axis represents the importance of the material topics to the business on a scale of 1 to 10, with 1 being the lowest and 10 being the highest score. The size of the bubble for each material topic signifies the financial impact of each material topic.

SDG Materiality

In 2015, the United Nations developed a blueprint for achieving peace and prosperity for people and the planet by 2030 in the form of 17 global goals and 169 targets for sustainable development. The United Nations Sustainable Development Goals (SDGs) are a call to action for governments, society and the private sector to achieve a more sustainable future. Since their launch in 2015, the SDGs have garnered widespread backing among companies and investors who have made progress towards aligning business strategies and capital allocation with the SDGs.

Exhibit 2 displays the top material SDGs for Empire East based on the Group's operating sector and geographies and financial materiality. The matrix ranks the SDGs for Empire East based on the level of importance of issues related to an SDG based on Empire East's operating sectors and geographies and the degree of financial materiality of issues underlying each SDG. SDGs in the right-hand upper quadrant of the matrix are considered high in both financial materiality and potential risk exposure related to the SDGs; it is recommended that Empire East prioritize activities related to addressing these SDGs in order to mitigate any adverse impacts to or by the Group. In the right-hand lower quadrant are SDGs that are considered high in financial materiality, but lesser in magnitude in terms of issues related to the SDGs that may affect or be affected by Empire East; it is recommended to monitor these SDG-related issues.

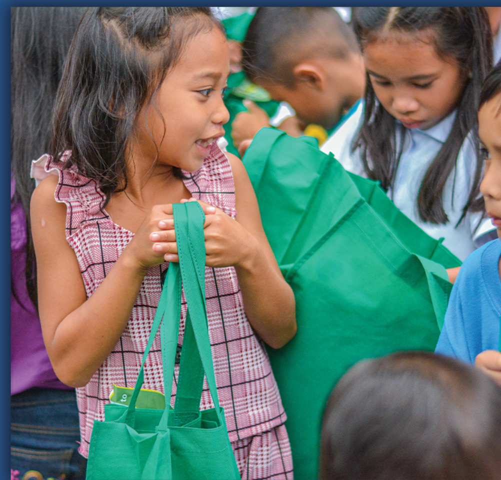
EXHIBIT 2: SDG MATERIALITY MATRIX



[1]Top financial material issues are provided by the SASB Materiality Matrix (https://materiality.sasb.org/) and mapped by Trucost to associated SDGs.

EXHIBIT 3: SDG RELATED INITIATIVES, FY2020

Project Name	Details	SGD and Target
The Gift of Smile	Empire East started the year generating big smiles through its first pocket outreach for the year titled 'The Gift of SMILE' at New Little Baguio Elementary School. From their first visit in 2018, Empire East volunteers revisited the students and gave them goodie bags filled with toys and food, and special piggy banks containing a year's worth of savings from the employees. The activity instantly put price-less smiles among these children and ignited their interest in learning how to save for the future. Empire East believes in the potential of every child and strives to develop communities that empower their education. Through organizing pocket CSRs, the company aims to aid them in their studies and promote their steady growth. #EmpireEastCares	SDG 4 - Target 4.2; By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education. SDG 1 – Target 1.1; By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than $1.25 a day.
School Supplies for Oriental Mindoro	The DMG group of HRAD Department has donated school supplies for the children of Oriental Mindoro. The department has come up with a donation drive that they used to buy a printer and other materials for Balye Mangyan Elementary School to help them cope up with the new normal in education.	SDG 4 - Target 4.2; By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education.
Gig-for-A-Cause	To aid our fellow employee on his COVID journey, the different departments of Empire East conducted a donation drive through a one-night gig that showcased the talents of our employees. It also aimed to raise awareness, aid, and vigilance against COVID-19 amongst the employees. The campaign was also an engagement activity and a way for the employees to interact through the virtual activity especially during these trying times	SDG 3 - Target 3.8; Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.




SCHOOL


ONLINE
GIG FOR A CAUSE
Empire East Awareness, Aid, and Vigilance Campaign
Empire East

Environmental Impact

Operational Greenhouse Gas Emissions

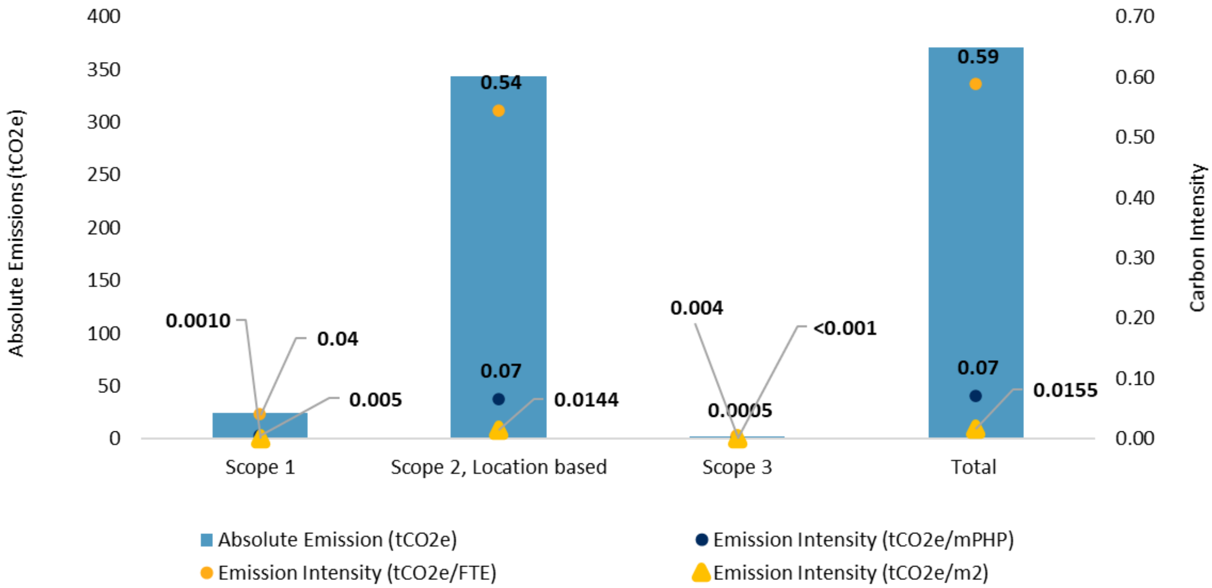
Trucost reviewed Empire East's environmental data for FY2020. Exhibit 4 below relates the key findings for environmental impacts. These impacts are described in absolute terms, or their total volume, as well as in intensity terms by m2 of Empire East floor area (23,855 m2), by employee (630 employees) and by revenue (5,110 mPHP).

EXHIBIT 4: COMBINED DIRECT AND INDIRECT OPERATIONAL GREENHOUSE GAS EMISSIONS, FY2020

Scope	Absolute Emissions	Carbon Intensity		
		tCO2e per m2 of floor area	tCO2e per employee	tCO2e per million PHP revenue
Scope 1	24.89	0.0010	0.04	0.005
Scope 2 (Location-Based)	343.14	0.0144	0.54	0.07
Scope 3	2.58	0.0001	0.004	0.0005
Total Emissions	370.61	0.0155	0.59	0.07

Scope	Category	Emissions (tCO2e)
Scope 1	Mobile Emissions	24.89
Scope 2	Electricity: Location-based	343.14
Scope 3	Category 5: Waste generated in operations	2.58
Scope 3	Category 6: Business travel	-
Total Emissions		370.61

EXHIBIT 5: GHG EMISSIONS ABSOLUTE VALUES AND INTENSITY VALUES, FY2020



Direct (Scope 1) GHG Emissions

One component of GHG emissions from organizational operations are direct (or scope 1) emissions derived from propane, diesel, natural gas consumption for boilers, gas turbines, diesel generators, owned transportation and refrigeration processes. Empire East's scope 1 emissions during FY2020 was 24.89 tCO2e, and the intensities of GHG emissions normalized by square meter of floor area, employees and revenue were 0.001 tCO2e/m2, 0.04 tCO2e/employee and 0.005 tCO2e/PHP million, respectively.

Indirect (Scope 2) GHG Emissions

A second component of GHG emissions related to organizational operations is indirect scope 2 emissions primarily from the consumption of purchased electricity. Empire East's scope 2 emissions during FY2020 was 343.14 tCO2e. 100% of the electricity was purchased from an electric grid. The intensities of GHG emissions normalized by square meter floor area, employees and revenue were 0.0144 tCO2e/m2, 0.54 tCO2e/employee and 0.07 tCO2e/PHP million, respectively.

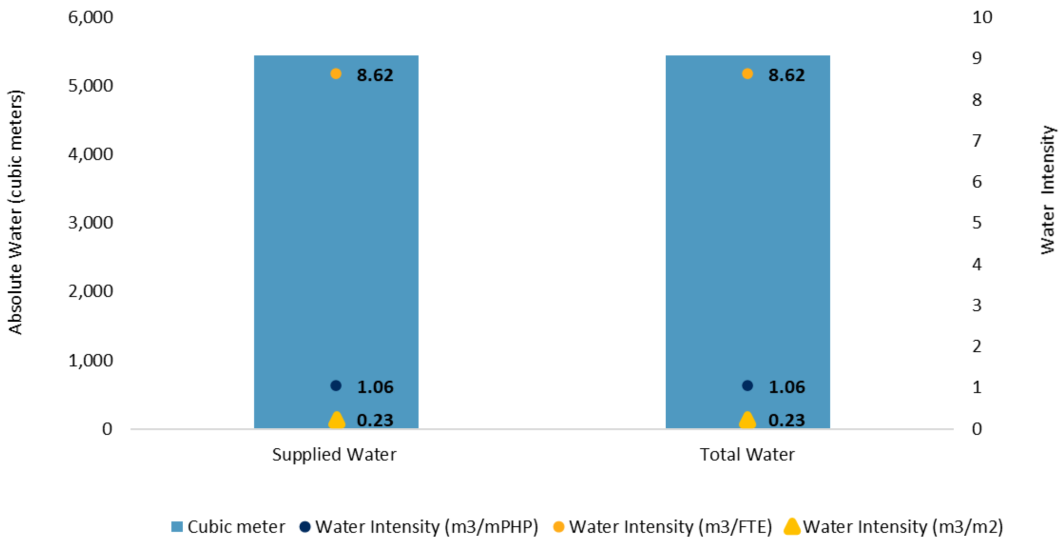
Indirect (Scope 3) GHG Emissions

A final component of GHG emissions related to organizational operations is indirect scope 3 emissions. Empire East's scope 3 emissions during FY2020 were estimated for category 5, waste generated in operations. The intensities of GHG emissions normalized by square meter floor area, employees and revenue were 0.0001 tCO2e/m2, 0.004 tCO2e/employee and 0.0005 tCO2e/PHP million.

Water Use

In FY2020, absolute water use from supplied water from local utilities was 5,437 cubic meters (m3). Water use intensity normalized by square meter of floor area, employee and revenue was 0.23 m3/m2, 8.63 m3/employee and 1.06 m3/PHP million respectively.

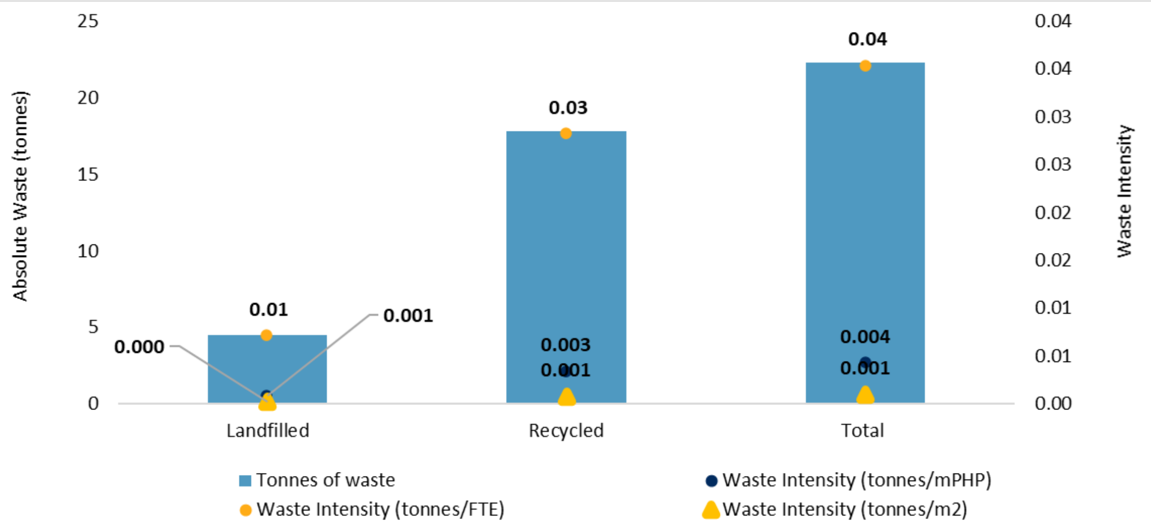
EXHIBIT 6: WATER USE, FY2020



Waste Generation and Recycling

Absolute non-hazardous waste generated in FY2020 was 22.28 tonnes. 80% of non-hazardous waste was recycled with the remaining 20% sent to landfill. Major types of waste that contributed to the total mass were solid waste, metal, plastic, and paper. The intensity of total waste generated normalized by square meter of floor area, employee and revenue was 0.001 tonnes/m2, 0.04 tonnes/employee and 0.004 tonnes/PHP million.

EXHIBIT 7: LANDFILLED AND RECYCLED WASTE, FY2020



Environmental Standards

Empire East has facility-level sustainability standards for its head office located in the Alliance Global tower in the Philippines, which is LEED-certified (LEED BD+C: Core and Shellv3-LEED 2009).

Social Impact

Workforce Diversity

Overall, the Group has 43% male and 57% female representation. The largest age group across the Group is Under 30 (59%), followed by 30-50 (28%), then over 50 (13%).

EXHIBIT 8: GROUP DIVERSITY AND EMPLOYEE REPRESENTATION, FY2020

Diversity		**Number of Staff**		
		Executive	Non-Executive	Total
Gender	Male	10	258	268
	Female	5	357	362
Age group	Under 30	1	370	371
	30-50	7	167	174
	Over 50	7	78	85
Status	Single	1	459	460
	Married	14	123	137
	Single Parent	0	33	33

Empire East Land Holdings, Inc. assures that there is no discrimination when it comes to employment. The Group hires and promotes based on the merit and quality of an individual's performance. The recruitment and selection group of the Group makes sure to look solely on the necessary skills and competencies of an individual and his alignment towards the job required and not on the other factors such as gender, age, marital status, or other circumstances. Thorough and careful assessment is done in order to make sure that proper job fit and skill competencies are also tested whenever necessary.

On the other hand, as regards promotion, the Group has a governing body that consists of executives of equal male and female distribution. Their job is to carefully assess and confirm promotion recommendations of our employees based on the performance within a fixed period of time.

Attrition Rate

EXHIBIT 9: ATTRITION RATE, FY2020

Disclosure	Quantity
Voluntary Resignations	107
Involuntary Resignations	50
End of Contract	8
Total	165
Attrition Rate	26.2%

**Attrition Rate was computed as #of resignations within 2020 divided by the total manpower in 2020*

A higher attrition rate was recorded in the Group during 2020 compared to its previous value in 2019 which was only at 10.5%.

Voluntary resignations were mainly because of the following reasons: movement to the province, career advancement, personal matters, pursuing further studies, and finding career opportunities abroad. It is important for the Group to dig deeper into these reasons so that it can further adjust and enhance the opportunities that it offers to the employees. Empire East believes that understanding these different factors and realizing which areas and facets should still be improved will contribute to employee retention.

Workforce Safety

In FY2020, the Company had no incidents involving deaths or diseases in the workplace. There were zero injuries involving permanent and contract employees. The total recordable incident rate (TRIR) for permanent and contractual employees was zero.

EXHIBIT 10: WORKPLACE SAFETY, FY2020

Workplace Safety	
Number of fatal incidents causing deaths	0
Number of diseases	0
Number of serious injuries	0
TRIR Permanent Employees	No incidents for permanent employees recorded
TRIR Contractual Employees	No incidents for seasonal employees recorded

Empire East policies on Labor Relations adhere to the Philippine Labor Code. Particularly on labor rights such as proper working hours of not more than eight a day, break time schedules, rest days, and all the required benefits, particularly as the Group transitioned to the work-from-home set-up. For any offense, the Group follows a two-notice rule regarding dismissals for just cause.

Employee Training and Development

Empire East recognizes that training and education form an important part in the development of employee skills and supporting career development. In FY2020, the Group dedicated 1,394 hours to training employees. Training primarily consisted of workplace compliance such as onboarding, regularization, safety, and compliance held by the Group's human resources (HR) staff. Each department also holds its own training sessions to further familiarize responsibilities with specific roles. In addition, training on various upskilling courses is imparted to aid in the technological capabilities of the employees, such as Excel, SAP, etc.

Additionally, performance reviews are scheduled bi-annually to support career development, promotion and merit enhancement. Empire East also provides several government-mandated and voluntary benefits to its employees such as leaves, salary loans, saving benefits, several loan options, medical benefits, etc.

EXHIBIT 11: EMPLOYEE TRAINING AND DEVELOPMENT, FY2020

Employee Training	
Number of hours of training completed	1,394
Total expenditure on employee training programs (mPHP)	8.64
Employee Development	
Percentage of employees receiving regular performance and career development reviews	100%

Governance

EXHIBIT 12: DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED, FY2020

Direct economic value generated (PHP)	
Total revenues	5,110.4 million
Direct economic value distributed (PHP)	
a. Employee wages and benefits	407.9 million
b. Payments to suppliers, other operating costs	5,811.5 million
c. Dividends given to stockholders and interest payments to loan providers	64.9 million
d. Taxes given to government	253.2 million
e. Investments to community (e.g. donations, CSR)	0.1 million

Data Privacy and Security

Empire East collects client's data pertaining to name, birthdate, marital status, taxpayer identification number (TIN) in order to process the transfer of property titles to the respective clients. More than 35,000 individual client data are maintained by the Company. The client data is stored in the Empire East's in-house servers, of which only the Company's in-house applications and tailored-fit enterprise accounting system have access. (Note: Authorized personnel from the Empire East's Management Information Systems (MIS) department also has direct access to the client database when on the local network).

Any electronics component that may or has ever contained data, whether the Company's or clients', are removed and kept secure before disposal. For instance, it is the Empire East's standard operating procedure that before a computer is disposed, the hard disk drive platter and the magnetic read heads are removed from the drives. These are stored for safekeeping by the Empire East's Management Information Systems department and disposed of adequately.

The company is committed to resolving issues raised by customers through its Credit and Collections department and its Customer Relations department.

EXHIBIT 13: DATA PRIVACY AND SECURITY, FY2020

Data Management Practices	
Number of individual clients for whom data was primarily stored	35,492
Data Breaches	
Number of data security breaches in the financial year	0

Electronic Waste

Empire East's electronic wastes, whether in working condition or not, are bundled and publicly sold as lots. This does not include devices/components that have/had ever contained data as determined by the Company's MIS department.

Stakeholder Management

Empire East considers suppliers, communities and customers as its primary stakeholders. The Company has no formal supplier code of conduct but suppliers must have relevant permits to operate with Empire East. Supplier must have all proper permits to operate as a business and must submit the following documents:

1. DTI/SEC Permits
2. Mayor's Permit
3. BIR Form 2303, Certificate of Registration
4. Financial Report
5. List of Suppliers and Clients.
6. Additional permits and forms depending on the type of product/service are being offered.

EXHIBIT 14: STAKEHOLDER MANAGEMENT, FY2020

Procurement and Supply Chain Management	
Supply chain procurement policies	Yes
Customer Satisfaction	
Policy for developing and maintaining customer satisfaction?	No, but are resolved by the Credit and Collections and Customer Relations departments

Business Ethics

Empire East ensures that all transactions are executed fairly within the Company's codes of conduct. Empire East expects each employee to observe the highest standards of business ethics. An employee cannot engage in any activity which would create conflict or interfere with the performance of his responsibilities. Receiving gifts from third parties is not allowed. All material party transactions are evaluated by the Board's party transactions committee for fairness and conduct at arms' length.

Empire East values all information received from whistleblowers and/or anonymous sources. It encourages all stakeholders to communicate, confidentially and without the risk of reprisal, legitimate concerns about illegal, unethical or questionable practices and transactions entered by any of its employees and officers.

Empire East focuses on developing transit-oriented projects as part of its commitment to reducing its carbon footprint. Given that most of the projects are located within the Metro Manila area, Empire East ensures that every construction project is compliant with environmental standards set by various government agencies.

The Company's risk management periodically reviews project progress and compliance with various government agencies. Given that constructions are contracted to suppliers, Empire East vets them carefully and ensures that they secured environmental compliance licenses.

EXHIBIT 15: GOVERNANCE INDICATORS, FY2020

Anti-Money Laundering	
Total amount of monetary losses as a result of legal proceedings associated with money laundering	None
Anti-money laundering policy in place	Yes

Year-on-Year Comparison

Below details year on year comparison for various KPI's. The Group's environment metrics have significantly decreased compared to the previous year. This is mainly due to the recent Corona virus epidemic and the government-mandated community quarantine. In response, the Group underwent a major shift to work from home arrangements with its employees. In addition, due in part to government guidelines, construction operations were downscaled for several months. This has resulted in a major decrease in material and energy consumption, as well as waste generated.

For the social metrics, the employee count for the FY2020 has decreased by 10.2%. This is because of the growth in the attrition rate from 10.5% of the previous year to 26.2% of this year. The pandemic has also contributed to the number of resignations received this year and majority of the voluntary resignations were because of job security and the distance of the office from their house. There is also a reduction in the total expenditure for employee training in development because the Group took advantage of the free webinars and training offered by various institutions during the pandemic. Employee development, on the other hand, remains as it is as the Group assures that all its employees are being assessed on a regular basis.

EXHIBIT 16: YEAR-ON-YEAR COMPARISON

		Units	FY2020	FY2019
ENVIRONMENT				
Emissions	Scope 1	tCO2e	24.9	60.7
	Scope 2	tCO2e	343.1	716.8
	Scope 3	tCO2e	2.6	6.5
	Total Emissions	tCO2e	370.6	784.1
	Emission Intensity	tCO2e/mPHP	0.07	0.17
Water	Total Volume	m3	5,437	10,900
	Water Intensity	m3/mPHP	1.06	2.34
Waste	Total Waste	tonnes	22.3	109.4
	Waste Intensity	tCO2e/mPHP	0.001	0.02
SOCIAL				
Workforce by Gender	Male (Executive)	#	10	10
	Female (Executive)	#	5	7
	Male (Non-Executive)	#	258	365
	Female (Non-Executive)	#	357	320
Workforce by Age	<30	#	371	403
	30-50	#	174	259
	>50	#	85	40
Employee Training	Number of hours of training completed	#	1,394	8,325
	Total expenditure on employee training programs	mPHP	8.64	8.46
Employee Development	Male	%	100%	100%
	Female	%	100%	100%
Attrition	Attrition Rate	%	26.2%	10.5%
GOVERNANCE				
Direct economic value generated	Direct economic value generated (revenue)	mPHP	5,110	5,141
Direct economic value distributed	Employee wages and benefits	mPHP	408	471
	Payments to suppliers, other operating costs	mPHP	5,812	3,671
	Dividends given to stockholders and interest payments to loan providers	mPHP	65	128
	Taxes given to government	mPHP	253	460
	Investments to community	mPHP	0.1	0
Data Privacy	Number of individual clients for whom data was primarily stored	#	35,492	36,029
	Number of data security breaches in financial year	#	None	None

UN Sustainable Development Goals

Below summarizes the key products and services of the Group and its contribution to the UN Sustainable Development Goals.

EXHIBIT 17: PRODUCT AND SERVICE CONTRIBUTION TO UN SDGS, FY2020

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Residential Developments	The Company develops many of its residential projects in locations near public transportation hubs. In doing so, homeowners are given convenient routes to work and reduced time spent in commute. In addition, this encourages homeowners to use public transportation rather than private vehicles, thereby reducing emissions and fuel consumption.	Substantial amounts of resources and energy are consumed to construct residential projects, as well as Economical and Social impacts to the local community. These have been identified and addressed in the Environmental, Economical, and Social sections above.	No material negative impacts identified.
Commercial Spaces in Residential Developments	Commercial stores integrated into the Company's residential developments provide homeowners access to goods and services within walking distance, as well as provide entrepreneurs an avenue to access a key demographic market. These developments also help stimulate economic activity of the local community, bringing in more potential customers for local businesses and generating employment opportunities.	Substantial amounts of resources and energy are consumed to construct these projects, as well as Economical and Social impacts to the local community. These have been identified and addressed in the Environmental, Economical, and Social sections above.	No material negative impacts identified.
Primary and Secondary Education	Accredited as a science school, Laguna BelAir Science School (LBASS) provides quality and balanced education in the community. Apart from excelling in Mathematics, Science, and Technology, LBASS' focus on sustainability allows its students to understand environmental responsibility.	Apart from the resource used by the institution in its day-to-day operation indicated in the Environmental Impact section, no other material impacts on the UN SDGs have been identified for this service.	No material negative impacts identified.

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