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, 2019

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 March 27, 2020, Php715,404,498.82 based on the closing price of Php0.295 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

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, 2019
Currency	Pesos

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2019	Dec 31, 2018
Current Assets	39,673,863,735	37,127,677,727
Total Assets	44,842,066,190	42,600,191,736
Current Liabilities	12,966,482,953	11,110,560,288
Total Liabilities	16,238,341,134	14,905,101,929
Retained Earnings/(Deficit)	6,491,607,310	5,876,989,482
Stockholders' Equity	28,603,725,056	27,695,089,807
Stockholders' Equity - Parent	25,791,391,795	25,136,369,920
Book Value Per Share	1.76	1.71

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2019	Dec 31, 2018
Gross Revenue	4,922,451,057	4,152,887,405
Gross Expense	3,881,788,275	3,324,307,987
Non-Operating Income	295,402,422	290,181,706
Non-Operating Expense	413,841,152	349,305,681
Income/(Loss) Before Tax	922,224,052	769,455,443
Income Tax Expense	306,660,741	234,298,923
Net Income/(Loss) After Tax	615,563,311	535,156,520
Net Income/(Loss) Attributable to Parent Equity Holder	622,021,871	534,218,365

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

Financial Ratios

	Formula	Fiscal Year Ended	Previous Fiscal Year
		Dec 31, 2019	Dec 31, 2018
Liquidity Analysis Ratios:			
; ; Current Ratio or Working Capital Ratio	**Current Assets / Current Liabilities**	3.06	3.34
; ; Quick Ratio	**(Current Assets - Inventory - Prepayments) / Current Liabilities**	0.62	0.66
; ; Solvency Ratio	**Total Assets / Total Liabilities**	2.76	2.86
Financial Leverage Ratios			
; ; Debt Ratio	**Total Debt/Total Assets**	0.36	0.35
; ; Debt-to-Equity Ratio	**Total Debt/Total Stockholders' Equity**	0.57	0.54
; ; Interest Coverage	**Earnings Before Interest and Taxes (EBIT) / Interest Charges**	3.09	2.78
; ; Asset to Equity Ratio	**Total Assets / Total Stockholders' Equity**	1.57	1.54
Profitability Ratios			
; ; Gross Profit Margin	**Sales - Cost of Goods Sold or Cost of Service / Sales**	0.45	0.41
; ; Net Profit Margin	**Net Profit / Sales**	0.15	0.15
; ; 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**	10.24	13.69

Other Relevant Information
None

Filed on behalf by:

Name	Christopher Rodriguez
Designation	Corporate Counsel

SECURITIES AND EXCHANGE COMMISSION
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2. SEC Identification Number: **AS094-006430**

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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 **March 27, 2020** is **Php715,404,498.82** based on the closing price of **Php0.295** 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 December 2019, Megaworld holds 81.72% of the Company.

As of December 31, 2018, 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); 73% 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 September 5, 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 October 13, 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 February 26, 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 October 14, 2008 and is wholly owned by the Company. It acts as a marketing arm of the Company.

SOHI was incorporated on February 2, 2007. In January 2008, the Company acquired 100% ownership in SOHI.

GPMAI was incorporated on September 5, 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 to the decrease of Company's ownership to 47%.

LBASSI (formerly Laguna Bel Air School Inc. or LBASI) is a company incorporated on February 13, 1996 and is presently operating a school for primary and secondary education. The change in name was approved in August 2013. The Company owns 73% of LBASSI.

20th Century was incorporated in 1952. 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% increasing its ownership interest to 40%.

Neither the Company nor its subsidiaries 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

East Land Holdings, Inc. is a real estate development company engaged in building residential projects that include high-rise and mid-rise condominiums as well as house and lot subdivisions, targeted for the upscale and broad middle-income market. Home to more than 120,000 residents, its developments are strategically located in key areas in the National Capital Region (NCR) such as Makati City, Quezon City, Mandaluyong City, San Juan City, Pasig City and the City of Manila, and in the progressive and highly urbanized areas of Santa Rosa, Laguna and Cainta, Rizal.

For more than 25 years, the Company has established a portfolio of unparalleled residential communities that redefined and elevated the lifestyle standards among aspiring Filipino homebuyers. It introduced living concepts that became trends in the Philippine real estate industry. Its flagship project, Laguna Bel-Air, showcased a pioneering "Live-Work-Play Township" model where the subdivision not only featured stylish single-detached American-style houses, but was also integrated with a parish church, a science-oriented school, commercial establishments, world-class amenities and its own transportation system. Refraining from the traditional stand-alone condominium towers, the Company also pioneered cluster-type "Micro-City" condominium complexes where more residents share luxurious amenities and urban comforts at less cost. Alongside its introduction of "no down payment and zero interest" schemes during the 1997 Asian Financial Crisis, the Company remarkably democratized homeownership in the Philippines by being the first in the industry to offer "affordable luxury."

The Company is also the pioneer of numerous real estate innovations in the country such as Loft-type Units that offered efficient and homey living spaces, and Mall Showrooms that made marketing and buying of homes more reachable and convenient. Inspired by commuter-friendly apartments in Singapore and Hong Kong, Empire East brought the Transit-Oriented Development (TOD) concept to Metro Manila where its condominiums are directly linked or close to mass transport systems such as MRT-3 and LRT-2, providing premier mobility and accessibility to its urban dwellers. Filipino families and young professionals who prefer a more laidback and vacation-like lifestyle were also tapped by the Company by offering Urban Resort Communities that are filled with relaxing resort-type amenities.

Aside from the Filipino end-users market and the Overseas Filipino Workers (OFW) sector, the Company has been capturing its fair share in the investors market, both local and foreign, because of the strong re-sale and leasing potential of its developments especially when purchased during pre-selling. The newest upcoming development of the Company is Empire East Highland City in Pasig-Cainta area, envisioned to be an elevated township. With 37 high-rise towers on a 22.8-hectare property, this is the largest development of Empire East to date, expected to set higher standards in urban living.

Contribution to Sales and Revenues

In 2019, the income from sales of various condominium units and house-and-lot packages accounted for 77% of 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 6%. The commission income of a subsidiary of the Company realized from marketing of real properties of related parties, rentals and other business-related sources accounted for the remaining 18% of total revenues. Foreign sales contributed minimally to the Group’s consolidated sales and revenues for the year 2019.

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 residential inventories of the Company, both pre-selling and ready-for-occupancy units, are marketed by independent sales business partners and accredited licensed real estate brokers. The sales business partners are independent contractors and registered real estate salespersons who exclusively sell the condominium developments through various prospecting activities in mall showrooms and project sites, as well as online selling through social media, personal websites and other digital platforms. Each sales division is composed of a Managing Director (MD) or Associate Managing Director (AMD), Account Managers (ACM), Senior Account Analysts (SAAN) and Account Analysts (AAN). Meanwhile, the Company's external brokers network is handled by the Investor Relations Management Group under the Marketing Department, which is responsible in accrediting and managing freelance licensed brokers who intend to market the Company's projects in their own means.

Special sales teams have also been created for different purposes and strategies. Empire East Networks (EEN) are sellers who are based in regional offices such as Baguio for North Luzon, Pampanga for Central Luzon, Batangas for South Luzon, and Cebu for the Visayas. Empire East Communities (EEC) focuses in selling and marketing the Empire East Highland City development. Lastly, Property Sales Coordinators (PSC) are designated to handle telemarketing and online selling.

For many years, the Company has been heavily advertising in major broadsheets and magazines, as well as out-of-home methods such as billboards and transit ads. Though these traditional media are still being strategically utilized from time to time, the Company has started to divert its efforts in digital advertising to generate leads and inquiries. It has been increasing its online visibility through its website and social media pages, and it also partnered with external parties to execute online ads and advertorials promoting its active projects.

Update on Projects

The Paddington Place located along Shaw Boulevard in Mandaluyong City, is a four-tower high-rise condominium development that promises to provide its future residents a modern cosmopolitan enclave in the middle of the bustling city. Its close proximity to MRT-3 Shaw Boulevard Station along EDSA and the Ortigas Central Business District makes it a top choice among young professionals and investors. The four towers standing up to 45 floors will be built on a podium structure that houses a two-level lifestyle mall dubbed as "The Pad" where daily conveniences such as restaurants, groceries and other retail establishments will be available. Amenities including swimming pools, garden decks, indoor playroom, function halls and fitness gyms can be enjoyed by the residents at 7th and 8th levels. The project's marketability is proven by brisk sales for Towers 1 and 2, with all studio units sold out and few 1-bedroom and 2-bedroom units left. New inventories were recently opened for pre-selling at Tower 3. Foundation works has commenced on this 9,000-square meter property.

Mango Tree Residences is an exclusive two-tower on-stilts development at the prime corner of M. Paterno and Ledesma Streets in a quiet and serene neighborhood in San Juan City. Efficient road networks and transportation modes are available around the vicinity, making this a highly accessible address going to Greenhills and Ortigas CBD area, as well as to Makati, Manila and Quezon City. The 3,000-square meter community is filled with natural mango trees and greeneries, infused with world-class recreational amenities such as a lap pool, kiddie pool, al fresco lounge, function room, fitness gym and a garden deck. With only 6 to 12 units per floor and a perfect mix of executive studio, 1-to-2 bedroom suites and penthouse units, residents are ensured of ultimate privacy and exclusivity. West Residences and East Residences are both in full-swing construction.

Covent Garden will feature two high-rise condominium towers on a 5,000-square meter property at Santol Street Extension, fronting Magsaysay Boulevard, in Sta. Mesa, Manila. The project is approximately 5-minute walk to V. Mapa station of LRT-2, giving advantage to students of the premier universities in Manila and Quezon City. The amenities at the 5th level will provide residents an urban sanctuary ambiance and experience in the middle of the busy and congested city. South Residences is expected to be completed in 2020 while the construction of North Residences started in 2019. Both towers have few units left unsold.

Empire East Highland City is a 22.8-hectare mixed-use township development along Felix Avenue at the boundary of Pasig City and Cainta, Rizal, envisioned to be the "first elevated city" in the Philippines. It will be easily accessible to upcoming transportation hubs such as the LRT-2 Emerald Station along Marcos Highway and MRT-4 Cainta Junction Station along Ortigas Avenue Extension.

The project boasts of four phases: Highland Park, Highland Mall, Highland Residences and The Chartered Club. At the frontage of the property welcomes the grandiose Highland Park, an 8,000-square meter open space elevated up to 6 meters from the street level, infused with gardens, walking paths, a 500-seater church, retail outlets and the grand Spanish Steps leading up to the Highland Mall. Managed under the luxurious brand of Megaworld Lifestyle Malls, the Highland Mall houses 58,000 square meters of retail and dining establishments, state-of-the-art cinemas, and leisure hubs. Serving as the dramatic backdrop of the township is the 37-tower Highland Residences, set to redefine the skyline of the eastern side of Metro Manila. Tower 1 of the four-tower phase called Arcadia, is now open for pre-selling with studio, 1-bedroom and 2-bedroom units initially offered to the market. At the middle of high-rise community is an exclusive membership sports club called The Chartered Club where member residents can indulge in swimming pools, multi-purpose courts, recreation hub, spa facilities and coffee lounge.
Construction for the Highland Park and Highland Mall is underway and expected to be partially operational by end of 2020 to 2021. The construction of the first tower is expected to start soon.

Kasara Urban Resort Residences is an enclave of six high-rise towers along Eagle Avenue and P. E. Antonio Street near C-5 Road in Ugong, Pasig City. It offers a vacation lifestyle in the middle of the hustle and bustle of the metropolis through its world-class resort-type amenities. The 1.8-hectare development with 40% open space is centered with a lake-inspired swimming pool, as the project's name "Kasara" means "lake" in Sanskrit. There will also be other refreshing water features such as fountains, bubblers, koi ponds and four-level waterfall cascades. Future residents can also keep themselves active and fit in the jogging paths, outdoor play areas, multi-purpose court and fitness gym, or choose to relax in the pocket gardens at the ground and 4th levels. This project offers a wide range of flexible and space-efficient homes, from executive studio, 1-bedroom, 2-bedroom and 3-bedroom bi-level penthouse, with selected units with balcony and patio. Towers 1 and 2 have been turned over and are both sold out. With few units left for sale, Towers 3 and 5 are more than halfway completed while the construction of Towers 4 and 6 has started in 2019.

The Rochester is a 3-hectare 7-tower urban resort community along Elisco Road in San Joaquin, Pasig City. The mid-rise condominium towers, ranging from 6 to 18 levels, project an Asian Modern architectural design, characterized by earth-toned colors, wide glass windows and open spaces for natural lighting and ventilation, decorative wood support, and slightly sloping roofs, making it appealing to homebuyers seeking for a homey ambiance. A five-star clubhouse welcomes the residents as they enter the development, where other recreational amenities are located, such as a 25-meter lap pool, a children's pool and playground, basketball/tennis court, function room, and poolside bar with lounge. The first six towers that offered one-to-three-bedroom suites have been completed and fully sold out, namely, Garden Villas 1 and 2, Breeze Tower, Parklane Tower, Palmridge Tower and Hillcrest Tower. The final tower, Bridgeview, is in full-swing construction.

Little Baguio Terraces along N. Domingo Street and Aurora Boulevard in San Juan City is a four-tower transit-oriented development close to Gilmore and J. Ruiz stations of LRT-2, and to the upcoming N. Domingo station of MRT-4. All condominium towers in this 8,000-square meter community have been turned over, with all 2-bedroom units sold out and very few combined 3-bedroom units left. Residents currently enjoy amenities at the podium level, including a swimming pool, jacuzzi, children's playground, jogging paths, fitness gym and daycare center.

Pioneer Woodlands is a transit-oriented development along EDSA corner Pioneer Street, Mandaluyong City, with a physical connection to MRT-3 Boni Avenue station. This 1.5-hectare project is highly accessible to Ortigas Center, Makati CBD and Bonifacio Global City, making it a top choice among end-users and investors. Recreational amenities and start of residential units are located at the 7th and 5th levels of the podium, ensuring that residents would already get rid of the noise and pollution among the major thoroughfare. Studios, 1-bedroom and 2-bedroom units at Towers 1 to 4 have been sold out and turned over. Meanwhile, Towers 5 and 6 are in full-swing construction with few remaining unsold units.

San Lorenzo Place is a luxurious high-rise condominium development in the premier financial district of Makati City. Strategically located at the junction of EDSA and Chino Roces Avenue, this ready-for-occupancy project boasts of a two-level lifestyle mall that is connected to MRT-3 Magallanes station. It also houses a station for Citylink luxury buses going to McKinley Hill and for express vans with various routes, making it a sought-after transit-oriented address. Outdoor amenities such as swimming pools, clubhouse, playground, open court and gardens, and indoor facilities like the fitness gym, daycare center and function room, are all located at the 6th level. Unit offerings included 1-bedroom, 2-bedroom and combined 3-bedroom, which are all sold out at the four towers.

The Cambridge Village is a 37-tower mid-rise micro-city development along East Bank Road in Pasig-Cainta area. The community includes retail establishments, a church, a clubhouse and resort-type amenities such as a 25-meter lap pool, kiddie pool, wading pool, multi-purpose court, karaoke bar, mini-theater, fitness gym and library. Residents enjoy wide open spaces and greeneries in this expansive 8-hectare property. Several clusters of towers offer various unit layouts, ranging from loft-type units, studios, 2-bedroom units and combined units. The project is almost completed with very few units left unsold.

The Sonoma in Santa Rosa City, Laguna, is a 50-hectare horizontal development that 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 four phases, called Enclave, Country Club, Pavilion and Esplanade, have completed its land development 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

The Philippine real estate industry, particularly the residential sector, continues to enjoy a sustained growth propelled by the country's robust economic performance, steady flow of OFW remittances, and stronger purchasing power among Filipino homebuyers and investors. The innovative development concepts of various real estate players coupled with flexible payment terms directly impacts the positive response from the end- users market as well as investors, both local and international.

Being geographically in the center of Metro Manila, Mandaluyong City solidifies its position as one of the top choices among condominium property seekers. Due to its close proximity to major CBDs or Central Business Districts such as Ortigas Center, Makati City and Bonifacio Global City, major real estate developers have considered this "Tiger City of the Philippines" as a competition hotspot, evident of left-and-right construction of high-rise condominiums particularly along Shaw Boulevard area which is nearer to Ortigas CBD, and in Pioneer-Boni area which is closer to Makati and BGC.

The Paddington Place of Empire East takes advantage of being the newest development along Shaw Boulevard, because most of its competitors within the vicinity, including Amaia Skies Shaw by Amaia Land, The Olive Place by Data Land Inc., Vista Residences Shaw by Vista Land, and Fame Residences by SMDC, are either already turned over or nearing completion. The project offers pre-selling units with fresher inventories and more affordable payment options compared to ready-for-occupancy developments. With the kind of luxurious development, it promises, including its own lifestyle mall, The Paddington Place can surely command a competitive price in the area.

Meanwhile, on the other side of Mandaluyong City in Boni-Pioneer area, most condominium developments are on ready-for-occupancy status already, with new towers scheduled for turnover by

2020 including Sheridan by DMCI, Axis Residences by Robinsons Land and Federal Land, and Pioneer Woodlands Tower 5 by Empire East. Pre-selling offerings are available at Pioneer Woodlands Tower 6 by Empire East, Light Residences 2 by SMDC and Avida Towers Verge by Avida Land. With 20% equity payable up to 48 months at zero interest, Pioneer Woodlands has a very competitive payment scheme as against other developers with shorter payment terms.

Another battlefield for condominium developers in Metro Manila is the area of Pasig City, especially the C-5 Road Corridor. The northbound side of C-5 Road, which used to be an industrial zone, has impressively seen a massive rezoning and redevelopment following the success of Eastwood City by Megaworld. Along this corridor are township-style developments including Parklinks by Ayala Land and Eton Properties, Bridgetowne by Robinsons Land and ArcoVia City by Megaworld. With these large-scale projects that do not only contain residential condominium towers but also shopping malls and premier offices, the market value of Pasig City properties continues to rise, benefiting early buyers of pre-selling developments such as Kasara Urban Resort Residences by Empire East, which is now nearly sold out even though it is set for completion by 2023. New developments have been launched by major competitors, including Sync Residences and Cirrus Residences by Robinsons Land, Prisma Residences by DMCI and 18 Arc de Triomphe by Megaworld.

This success of Pasig City in the residential sector remarkably expands towards the eastern side, with new projects in other areas of Pasig City beyond C-5 Road up to Cainta, Rizal, continuously experiencing brisk take-up from the market. Smaller multiple-tower mid-rise developments are being actively marketed in the area, such as Futura East by Filinvest, Satori Residences by DMCI, The Hive by MySpace Properties Inc., Charm Residences by SMDC, and East BelAir by MegaEast Properties, all below 3 hectares in total land area for development. With the launching of the 24-hectare Empire East Highland City and the infusion of a green park and a luxurious mall among other sustainable features, Empire East sets anew the standards of living in the eastern side of the metropolis. All these developments will soon benefit from the opening of LRT-2 Emerald station along Marcos Highway, and the upcoming stations along Ortigas Avenue Extension of the proposed MRT Line 4 as well as the Mega Manila Subway. This vicinity is undeniably a promising location, and more new projects will surely be expected from residential developers.

The corridor of LRT Line 2 along Aurora Boulevard and Magsaysay Boulevard remains to be a preferred address chosen by families especially those with children studying in the University Belts of Manila and Quezon City. In Santa Mesa, Manila, projects along Magsaysay Boulevard with close proximity to LRT-2 V. Mapa station includes Covent Garden by Empire East and Silk Residences by Data Land, which are both sold out and nearing completion. In the side of San Juan City, aside from LRT-2, property developers and homebuyers are looking forward to the proposed MRT Line 4 that traverses Greenhills, Santolan Road and N. Domingo Street, further benefiting the current and future residents of Little Baguio Terraces and Mango Tree Residences by Empire East, Princeton Residences by SMDC, Magnolia Residences and Chimes Greenhills by Robinsons Land.

Overall, what remains to be Empire East's competitive advantages are its price packages, payment terms, excellent location, and innovative development concepts. These factors keep the Company a strong player in the dynamic property industry.

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 2019, total commissions earned by a subsidiary from the sale of its parent company's real estate properties amounted to P134.2 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 December 31, 2019. 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 Company and its Subsidiaries attached as Exhibit 1 hereof and incorporated herein by reference.

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

Patents, Trademarks and Copyrights

The operations of the Company and its subsidiaries (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 which 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 subdivision 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 environment 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 license 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 Company 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)
2019	P4.50 billion	86%
2018	P3.62 billion	82%
2017	P2.99 billion	61%

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 December 31, 2019, the Group employed a total of 727 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 December 31, 2019	Projected Hiring for 2020
Executives	18	0
Managers	70	5
Supervisors	185	25
Rank & File	499	65
Total	772	95

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 Company 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 Company.

Increase in interest rates and unavailability of affordable financing options affect the demand for housing. The Company caters to the middle-income market, a market which 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 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 Company remains prudent in managing its financial resources and has taken measures in controlling its available funds. Generally, the Company 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 Company 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 leasable area of 9,870 square meters with lease rate of P775 per square meter. SLPM has 6,588.25 square meters with lease rate ranging from P300 to P2,100 per square meter. Both have 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 Company's Audited Financial Statements.

Certain assets of the Company with a total carrying value of P28.5 million are used as collateral to secure the payment of loans obtained from creditors. These are various units of California Garden Square and The Cambridge Village and lots of Laguna Bel Air, which serve as a security for the CTS financing/Receivable Purchase Facility granted by creditor banks. This facility does not require annotation on individual titles.

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 are 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 2019 to a vote of security holders.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

M**arket 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
2018 High	0.75	0.73	0.63	0.58
Low	0.62	0.61	0.55	0.47
2019 High	0.60	0.54	0.49	0.56
Low	0.48	0.46	0.44	0.41
2020 High	0.43			
Low	0.20			
3/27/20 Close	0.29			

Holders

As of 31 March 2020, there were 12,402 holders of the Company's common shares. The following table sets forth the twenty largest shareholders of the Company as of March 31, 2020.

Rank	Name of Holder	Number of Shares	Percentage of Ownership
1.	Megaworld Corporation	11,994,426,438	81.7202%
2.	PCD Nominee Corporation (Filipino)	1,859,115,431	12.6676%
3.	PCD Nominee Corporation (Non-Filipino	354,830,486	3.3838%
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	0.0159%

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 are 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 the 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 2020. The Company declared a 15% stock dividend on March 15, 2006, which was paid on August 8, 2006 to all shares of common stock outstanding as of July 13, 2006.

The Corporation Code prohibits stock corporations from retaining surplus profits in excess of one hundred per cent (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 2019, the following are top key performance indicators of the Group:

		2019	2018
Sales		P4.0 Billion	P3.5 Billion
Net Profit		P615.6 Million	P535.1 Million
Current Ratio	*1	3.06:1	3.34:1
Quick Ration	*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 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 December 31, 2019 versus December 31, 2018

During the twelve-month period, the consolidated net profit amounted to P615.6 million, with 15% increase from previous year's net income of P535.2 million. Consolidated revenues, composed of real estate sales, finance income, commissions and other revenues posted an increase of 17% from P4.4 billion to P5.2 billion.

Real Estate Sales

The Group registered Real Estate Sales of P4.0 billion for twelve months ended December 31, 2019 compared with P3.5 billion in 2018. 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 amounting to P2.2 billion in 2019 and P2.0 billion in 2018, as a percentage of Real Estate Sales was 55% and 59% in 2019 and 2018 respectively. The change was primarily due to the different composition of products sold for each year.

Gross Profit was P1.8 billion during the twelve months of 2019 and P1.4 billion in 2018, or 45% and 41% of Real Estate Sales in 2019 and 2018 respectively. The gross profit margin varies depending on the product mix and the competitiveness of prices of each product.

Other Revenues

The finance income amounting to P295.4 million and P290.2 million in 2019 and 2018 respectively, were derived mostly from in-house financing and various advances from related parties which accounts for 6% and 7% of total revenues. Additional sources of revenue were commissions of a subsidiary, rentals of investment properties and those obtained from other sources. Commission and other income totaling P913.5 million in 2019 and P640.3 million in 2018, represents 18% and 14% of total revenues in 2019 and 2018, respectively.

Operating Expenses

Operating Expenses for 2019 and 2018 amounted to P1.7 billion and P1.3 billion respectively. Other charges/expenses include Finance Cost of P410.0 million and P343.0 million in 2019 and 2018, respectively.

FINANCIAL CONDITION

Review of December 31, 2019 versus December 31, 2018

Total resources of the Group as of December 31, 2019 and December 31, 2018 amounted to P44.8 billion and P42.6 billion respectively. Cash and Cash Equivalents decreased from P1.8 billion to P1.1 billion. The Group remained liquid with Total Current Assets of P39.7 billion in 2019 and P37.1 billion in 2018, which accounted for 88% and 87% of the Total Assets in 2019 and in 2018, while its Total Current Liabilities amounted to P13.0 billion in December 31, 2019 as compared with P11.1 billion in December 31, 2018.

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

For the twelve months of 2019 and in the year 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 December 31, 2018)

Statements of Financial Position

- 37% decrease in Cash and cash equivalents
  Mainly due to construction related payments and loan repayments

- 26% increase in Trade and other receivables
  Mainly due to down payments made to suppliers and contractors and recognition of sales from completed projects

- 27% decrease in Contract Assets
  Mainly due to the completion of certain projects

- 41% increase in Advances to related parties
  Primarily due to advances granted by a subsidiary

- 18% increase in Prepayments and other current assets
  Mainly due to commissions capitalized for the year and transfer related taxes paid

- 59% increase in Advances landowners and joint venture
  Primarily due to additional advances to landowners and joint venture partners

- 52% increase in Property and equipment
  Primarily due to adoption of new financial reporting standard

- 10% decrease in Intangible assets
  Pertains to amortization for the year

- 31% decrease in Interest-bearing loans and borrowings
  Mainly due to loan repayments

- 6% decrease in Trade and other payables
  Primary due to payments made to various contractors and suppliers

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

- 46% increase in Customers' deposits
  Mainly due to increase in reservation sales and collection from various projects

- 17% decrease in Contract liabilities
  Mainly due to the completion of certain projects

- 13% increase in Retirement benefit obligation
  Due to re-measurement of retirement obligation

- 10% increase in Income tax payable
  Mainly due to increase in income tax due of a subsidiary

- 16% increase in Other current liabilities
  Primary pertains to refund liability related to Maceda Law

- 5% increase in Deferred Tax Liabilities-net
  Pertains to tax effect of taxable and deductible temporary differences

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

- 14% increase in Real estate sales
  Primarily due to higher sales recognized for the period

- 43% increase in Commission & other income
  Mainly due to increase in revenues derived from other related sources

- 7% increase in Cost of real estate sales
  Due to increase in real estate sales

- 20% increase in Finance costs
  Mainly due to interest on loans

- 33% increase in Operating expenses
  Mainly due to increase in marketing and administrative expenses

- 31% increase in Tax expense
  Mainly due to increase in taxable income

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

Fluctuations in 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 have 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 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 specially 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 2018, the following are top key performance indicators of the Group:

		2018	2017 (As restated)
Sales		P3.5 Billion	P3.9 Billion
Net Profit		P535.1Million	P569.3 Million
Current Ratio	*1	3.34:1	3.29:1
Quick Ratio	*2	0.66:1	0.61:1

**1- Current Assets/Current Liabilities*

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

2) 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 mass transit system and are conveniently located in business districts of Metro Manila.

5) Other Revenues

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

6) **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.

7) **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 December 31, 2018 versus December 31, 2017

During the twelve-month period, the consolidated net profit amounted to P535.1 million, with 6% decrease from previous year's net income of P569.3 million. Consolidated revenues, composed of real estate sales, finance income, commissions and other revenues posted a decrease of 9% from P4.9 billion to P4.4 billion.

Real Estate Sales

The Group registered Real Estate Sales of P3.5 billion for twelve months ended December 31, 2018 compared with P3.9 billion in 2017. 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 amounting to P2.0 billion in 2018 and P2.3 billion in 2017, as a percentage of Real Estate Sales was 59% and 58% in 2018 and 2017 respectively. The change was primarily due to the different composition of products sold for each year.

Gross Profit was P1.4 billion during the twelve months of 2018 and P1.7 billion in 2017, or 41% and 42% of Real Estate Sales in 2018 and 2017 respectively. The gross profit margin varies depending on the product mix and the competitiveness of prices of each product.

Other Revenues

The finance income amounting to P290.2 million and P241.2 million in 2018 and 2017 respectively, were derived mostly from in-house financing and various advances from related parties which accounts for 7% and 5% of total revenues. Additional sources of revenue were commissions of a subsidiary, rentals of investment properties and those obtained from other sources. Commission and other income totaling P640.3 million in 2018 and P690.0 million in 2017, represents 14% of total revenues in 2018 and 2017.

Operating Expenses

Operating Expenses for 2018 and 2017 amounted to P1.3 billion and P1.4 billion respectively. Other charges/expenses include Finance Cost of P343.0 million and P304.9 million in 2018 and 2017, respectively.

FINANCIAL CONDITION

Review of December 31, 2018 versus December 31, 2017

Total resources of the Group as of December 31, 2018 and December 31, 2017 amounted to P42.6 billion and P39.2 billion respectively. Cash and Cash Equivalents increased from P1.3 billion to P1.8 billion. The Group remained liquid with Total Current Assets of P37.1 billion in 2018 and P31.8 billion in 2017, which accounted for 87% and 81% of the Total Assets in 2018 and in 2016, while its Total Current Liabilities amounted to P11.1 billion in December 31, 2018 as compared with P9.7 billion in December 31, 2017.

The Equity increased from P25.8 billion in the previous year to P27.7 billion as of December 31, 2018 due to Group's Net Income for the 12-month period, revaluation of equity investments held by a subsidiary and consolidation of new subsidiary.

For the years 2018 and 2017, 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 2018 Financial Statements
(Increase or decrease of 5% or more versus December 31, 2017)

Statements of Financial Position

- 42% increase in Cash and cash equivalents
  Mainly due to increase in collections and receipt of proceeds from bank loan

- 10% increase in Trade and other receivables
  Mainly due to adoption of new financial reporting standards

- 9% increase in Contract Assets
  Mainly due to adoption of new financial reporting standards

- 17% increase in Advances to related parties
  Primarily due to interest on advances

- 10% increase in Real estate inventories
  Mainly due to adoption of new financial reporting standards

- 31% increase in Prepayments and other current assets
  Mainly due to adoption of new financial reporting standards

- 26% decrease in Available for sale financial assets
  Primarily due to decrease in fair market value of investment in securities held by a subsidiary

- 54% decrease in Advances landowners and joint venture
  Primarily due to collections from landowners and joint venture

- 75% decrease in Investment in associate
  Pertains to reclassification of an associate to a subsidiary

- 26% increase in Property and equipment
  Primarily due to increase in leasehold improvements

- 100% increase in Intangible assets
  Mainly due to purchase of system software

- 513% increase in Investment property
  Primarily due to increase in retail units for lease

- 34% decrease in Contract liabilities
  Mainly due to adoption of new financial reporting standards

- 22% increase in Customers' deposits
  Mainly due to increase in reservation sales and collection from various projects

- 24% increase in Advances from related parties
  Due to project related advances

- 46% decrease in Retirement benefit obligation
  Due to re-measurement of retirement obligation

- 99% decrease in Income tax payable
  Mainly due to increase in creditable withholding taxes applied versus income tax liability

- 10% increase in Other current liabilities
  Pertains to refund liability related to Maceda Law

- 13% increase in Deferred Tax Liabilities
  Mainly due to adoption of new financial reporting standards

Statements of Comprehensive Income
(Increase or decrease of 5% or more versus December 31, 2017)

- 11% decrease in Real estate sales
  Primarily due to implementation of new financial reporting standards which both collections and completion of projects are considered

- 20% increase in Finance income
  Mainly due to adoption of new financial reporting standards

- 7% decrease in Commission & other income
  Mainly due to decrease in other revenues of the group

- 9% decrease in Cost of real estate sales
  Pertaining to decrease in sales

- 13% increase in Finance costs
  Mainly due to interest on additional loans

- 12% decrease in Operating expenses
  Mainly due to decrease in marketing and administrative expenses

- 17% decrease in Tax expense
  Mainly due to decrease in taxable income

For the year 2019, the projected capital expenditures of roughly P5.0 billion is expected to be funded by collections, borrowings and other sources.

Fluctuations in 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 have 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 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 specially 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 amounts of Php2,025,000 and Php1,930,000 exclusive of VAT in 2019 and 2018, 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 2019 and 2018.
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Apart from the foregoing, no other services were rendered, or fees billed by the Company's external auditors for 2019 and 2018.

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

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 11 June 2019 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 2020.

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, 70 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 in 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, 57 years old, Filipino, has been a member of the Company's Board of Directors since January 1998 and has served as President and CEO of the Company for the same period. He joined Megaworld Land, Inc. in September 1996 and served as its Vice President until December 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 at a big law firm 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. Mr. Yu has also served as a Law Professor in the College of Law of the University of the Philippines. He was Philippine Delegate to the Integrated Environmental Management Forum held in Israel in 1995. Mr. Yu was a member of the Regional Network of Legal Experts on Marine Pollution of a multilateral agency, and sits 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 Bel Air 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 is 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 parents. 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, 66 years old, Filipino, is currently the Managing Partner of The Law Firm of CP Aquino & Partners. He concurrently serves as 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, 70 years old, Filipino, was elected to the Board on 9 June 2009. Previously, he served as director of the Company from April 1996 to April 1998 and from June 1999 to December 23, 2008. Mr. Sy was Corporate Secretary of the Company from July 1994 until 31 March 2011. Mr. Sy concurrently serves in 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, 58 years old, Filipino, has served as director of the Company since February 20, 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, 78 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, 40 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 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, 55 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, 57 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, 49 years old, Filipino, currently serves as director of Empire East Communities, Inc, the Company's subsidiary and as an 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, 46 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 on 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 in 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, 29 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 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, 46 years old, Filipino, has served as Treasurer of the Company since January 6, 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 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, 43 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, 43 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 director, or executive officers:

1. Any bankruptcy petition filed by or against any business of a director, nominee for election as 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 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 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 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 Php 32,118,161 and Php28,734,188 in 2019 and 2018, respectively. The projected total annual compensation of the named executive officers for the current year is Php34,831,205.

Compensation of Directors

The members of the Board of Directors of the Company receive a standard per diem for attendance in board meetings. In 2019, the Company paid a total of Php775,000 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 2018 and 2019 and estimated aggregate compensation for 2020:

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	2018	22,908,027	5,826,161	28,734,188
	2019	25,410,444	6,707,717	32,118,161
	2020	27,570,332	7,260,873	34,831,205
All Other Officers and Directors as a Group	2018	38,359,203	6,443,599	44,802,802
	2019	42,270,771	7,452,519	49,723,290
	2020	45,863,787	8,037,108	53,900,895

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 March 31, 2020

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 are known to the Company.

Security Ownership of Management as of March 31, 2020

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[2] (indirect)	Filipino	81.727062%
		138,133,820[3] (indirect)	Filipino	0.941210%
Common	Cresencio P. Aquino	1 (direct)	Filipino	0.000000%
Common	Anthony Charlemagne	1 (direct)	Filipino	0.000000%

[1] This includes 1,000,000 shares beneficially owned by Megaworld Corporation.
[2] 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.
[3] The shares are held by The Andresons Group, Inc. of which Andrew L. Tan is a controlling shareholder.

	C. Yu			
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.

Item 13. Certain Relationships and Related Transactions

Please refer to the discussion under Transactions with and/or dependence on Related Parties on page 8.

The Group's policy on related party transactions is disclosed in Note 2.23 (page 30 of its Audited Financial Statements.

Also, Note 25 (pages 69 to 72) of the Group's Audited 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 December 31, 2019 and 2018.

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

Date	Disclosures
11June 2019	Results of Annual Stockholder's Meeting
11 June 2019	Results of Organizational Meeting of the Board of Directors
14 June 2019	Clarification of News Articles on the news article: "Empire East allots P25-B capex, launches P20-B Cainta project"
07 October 2019	Change in Corporate Contact Details in compliance with NTC
28 October 2019	Related Party Transactions Policy

The Company's ESG Report for Financial Year 2019 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 S. EDAÑO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this _____ day of ______________, 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 S. Edaño	207-906-709

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of 2020.

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, 2019 and 2018** 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

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 MAY 22 of 2020 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

Zandro Jose E. Garcia
Notary Public for Taguig City
Appointment No 41
Until Dec 31, 2021
Roll of Atty. No 71609
MCLE Compliance No VI-0018269: 2/06/19
IBP No. 101247; 01/06/2020; Makati City
PTR No. A-4762410; 01/02/2020; Taguig City
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Report of Independent Auditors

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, 2019 and 2018, 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, 2019, 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, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2019 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 a Matter

We draw attention to Note 35 in the notes to the consolidated financial statements, which describes the likely negative impact of the business disruption as a result of the coronavirus outbreak to the Group's financial condition and performance after the end of the reporting period. Our opinion is not modified with respect to this matter.

Key Audit Matters

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 P4.0 billion or 76.8% of consolidated Revenues and Income while costs of real estate sales amounted to P2.2 billion or 47.6% of consolidated Cost and Expenses for the year ended December 31, 2019. 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 tests of information technology general controls over automated system which generated the data used as basis for adjustments. We also performed tests mathematical accuracy and completeness of supporting contract summary, examination of supporting documents of a sample of agreements, and performing 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 procedure 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.

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, 2019, 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, 2019 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. 8116553, January 2, 2020, Makati City
SEC Group A Accreditation
Partner - No. 107805-SEC (until Dec. 31, 2023)
Firm - No. 0002-FR-5 (until Mar. 26, 2021)
BIR AN 08-002511-037-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

April 6, 2020

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018
(Amounts in Philippine Pesos)

	Notes	2019	2018
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	**P 1,145,332,574**	P 1,816,898,287
Trade and other receivables - net	6	**6,880,553,688**	5,543,031,769
Contract assets	20	**1,602,894,215**	1,437,840,430
Advances to related parties	25	**4,122,109,792**	2,927,206,315
Real estate inventories	7	**25,236,564,577**	24,821,241,317
Prepayments and other current assets	20	**686,408,889**	581,459,609
Total Current Assets		**39,673,863,735**	37,127,677,727
NON-CURRENT ASSETS			
Trade and other receivables	6	**1,787,297,094**	1,336,714,670
Contract assets	20	**348,984,364**	1,252,230,362
Financial asset at fair value through other comprehensive income	8	**1,312,916,000**	1,339,940,000
Advances to landowners and joint ventures	9	**226,304,025**	142,458,052
Investment in associates	10	**282,074,777**	285,905,713
Property and equipment - net	11	**378,706,446**	248,967,253
Intangible asset - net	12	**49,245,492**	54,717,213
Investment properties - net	13	**699,156,607**	727,175,156
Other non-current assets	1	**83,517,650**	84,405,590
Total Non-current Assets		**5,168,202,455**	5,472,514,009
TOTAL ASSETS		**P 44,842,066,190**	P 42,600,191,736

	Notes	2019	2018
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans and borrowings	14	**P 733,333,352**	P 637,985,837
Trade and other payables	15	**1,674,530,611**	1,786,066,286
Lease liabilities	17	**47,233,071**	-
Customers' deposits	16	**4,768,479,749**	3,271,411,135
Advances from related parties	25	**4,776,873,636**	4,578,102,879
Contract liabilities	20	**26,257,816**	23,524,123
Other current liabilities	18	**939,728,784**	813,428,434
Income tax payable		**45,934**	41,594
Total Current Liabilities		**12,966,482,953**	11,110,560,288
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	14	**683,333,333**	1,418,750,645
Contract liabilities	20	**102,062,325**	130,429,296
Lease liabilities	17	**111,865,806**	-
Retirement benefit obligation	23	**345,782,326**	305,283,627
Deferred tax liabilities - net	24	**2,028,814,391**	1,940,078,073
Total Non-current Liabilities		**3,271,858,181**	3,794,541,641
Total Liabilities		**16,238,341,134**	14,905,101,929
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	**582,666,152**	636,105,205
Other reserves	2	**(292,118,243)**	(385,961,343)
Retained earnings	26	**6,491,607,310**	5,876,989,482
Total equity attributable to the Parent Company's stockholders		**25,791,391,795**	25,136,369,920
Non-controlling interests		**2,812,333,261**	2,558,719,887
Total Equity		**28,603,725,056**	27,695,089,807
TOTAL LIABILITIES AND EQUITY		**P 44,842,066,190**	P 42,600,191,736

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, 2019, 2018 AND 2017
(Amounts in Philippine Pesos)

	Notes	2019	2018	2017
REVENUES AND INCOME				
Real estate sales	20	**P 4,008,907,955**	P 3,512,542,938	P 3,933,386,561
Finance income	22	**295,402,422**	290,181,706	241,171,258
Commission income	25	**134,220,853**	112,516,507	119,381,451
Rental income	13, 28	**154,471,033**	111,120,492	146,416,970
Other income	21	**624,851,216**	416,707,468	424,250,615
		5,217,853,479	4,443,069,111	4,864,606,855
COSTS AND EXPENSES				
Cost of real estate inventories	19	**2,192,214,309**	2,058,228,875	2,270,903,485
Salaries and employee benefits	23	**471,180,266**	456,828,204	434,731,011
Finance costs	22	**410,010,216**	342,994,963	304,868,200
Commissions	20	**361,167,537**	143,733,854	159,054,596
Advertising and promotion		**235,141,247**	95,829,284	144,995,896
Taxes and licenses	13	**153,079,327**	103,202,274	123,821,678
Depreciation and amortization	11, 12, 13	**111,369,197**	56,184,685	33,727,522
Travel and transportation		**91,164,927**	65,469,361	109,148,913
Equity share in net losses of associates	10	**3,830,936**	6,310,718	578,205
Other expenses	21	**266,471,465**	344,831,450	429,711,356
Income taxes	24	**306,660,741**	234,298,923	283,757,177
		4,602,290,168	3,907,912,591	4,295,298,039
NET PROFIT		**615,563,311**	535,156,520	569,308,816
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will not be reclassified subsequently through profit or loss:				
Fair value losses on financial assets at FVOCI	8	**(27,024,000)**	(461,660,000)	-
Remeasurements on retirement benefit	23	**(37,760,426)**	334,441,438	47,089,266
Tax income (expense) on remeasurement	24	**11,535,073**	(99,951,148)	(13,842,265)
		(53,249,353)	(227,169,710)	33,247,001
Item that will be reclassified subsequently through profit or loss –				
Fair value gains on AFS financial assets	8	**-**	-	362,572,000
Total Other Comprehensive Income (Loss) - net of tax		**(53,249,353)**	(227,169,710)	395,819,001
TOTAL COMPREHENSIVE INCOME		**P 562,313,958**	P 307,986,810	P 965,127,817
Net profit attributable to:				
Parent company's shareholders		**P 622,021,871**	P 534,218,365	P 569,029,689
Non-controlling interest		**(6,458,560)**	938,155	279,127
		P 615,563,311	P 535,156,520	P 569,308,816
Total comprehensive income attributable to:				
Parent company's shareholders		**P 568,582,818**	P 306,699,145	P 964,587,885
Non-controlling interest		**(6,268,860)**	1,287,665	539,932
		P 562,313,958	P 307,986,810	P 965,127,817
EARNINGS PER SHARE - Basic and Diluted	27	**P 0.042**	P 0.036	P 0.039

See Notes to Consolidated Financial Statements.

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018, AND 2017
(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 Note 2 and 26)	**Retained Earnings** (see Note 26)	**Total**	**Non-controlling Interests**	**Total**
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 (see Note 2)	-	-	-	-	-	(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									
Net profit for the year	-	-	-	-	-	622,021,871	622,021,871	(6,458,560)	615,563,311
Fair value losses on financial assets at FVOCI	-	-	-	(27,024,000)	-	-	(27,024,000)	-	(27,024,000)
Remeasurements on retirement benefit obligation	-	-	-	(37,950,126)	-	-	(37,950,126)	189,700	(37,760,426)
Tax expense on remeasurement	-	-	-	11,535,073	-	-	11,535,073	-	11,535,073
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									
Net profit for the year	-	-	-	-	-	534,218,365	534,218,365	938,155	535,156,520
Fair value losses on financial assets at FVOCI	-	-	-	(461,660,000)	-	-	(461,660,000)	-	(461,660,000)
Remeasurements on retirement benefit obligation	-	-	-	334,091,928	-	-	334,091,928	349,510	334,441,438
Tax expense on remeasurement	-	-	-	(99,951,148)	-	-	(99,951,148)	-	(99,951,148)
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
Balance at January 1, 2017	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 468,066,229	P -	P 4,773,741,428	P 24,251,044,233	P 620,421,227	P 24,871,465,460
Total comprehensive income for the year									
Net profit for the year	-	-	-	-	-	569,029,689	569,029,689	279,127	569,308,816
Fair value gains on available-for-sale financial assets	-	-	-	362,572,000		-	362,572,000	-	362,572,000
Remeasurements on retirement benefit obligation	-	-	-	46,828,461	-	-	46,828,461	260,805	47,089,266
Tax expense on remeasurement	-	-	-	(13,842,265)	-	-	(13,842,265)	-	(13,842,265)
Balance at December 31, 2017	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

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, 2019, 2018 AND 2017
(Amounts in Philippine Pesos)

	Notes	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 922,224,052	P 769,455,443	P 853,065,993
Adjustments for:				
Finance costs	22	410,010,216	342,994,963	304,868,200
Finance income	22	(295,402,422)	(290,181,706)	(241,171,258)
Depreciation	11, 12, 13	111,369,197	56,184,685	33,727,522
Equity share in net losses of associates	10	3,830,936	6,310,718	578,205
Gain on sale of property and equipment	11	(123,214)	(25,088)	-
Loss on retirement of property and equipment	11	-	230,875	-
Impairment loss on receivables		-	-	19,837
Operating profit before working capital changes		1,151,908,765	884,969,890	951,088,499
Increase in trade and other receivables		(1,843,711,422)	(563,787,543)	(974,782,995)
Decrease (increase) in contract assets		738,192,213	(218,186,486)	(489,563,364)
Increase in advances to related parties		(983,862,792)	(254,577,967)	(25,218,451)
Increase in real estate inventories		(332,266,650)	(566,050,045)	(187,257,659)
Decrease (increase) in prepayments and other current assets		(104,949,282)	(127,576,887)	27,740,896
Decrease (increase) in advances to landowners and joint ventures		(83,845,973)	164,429,843	(16,500)
Decrease in other non-current assets		887,940	118,711	178,389
Increase (decrease) in trade and other payables		(107,812,397)	(51,350,037)	228,013,953
Increase (decrease) in contract liabilities		(25,633,278)	(79,554,003)	74,161,976
Increase in customers' deposits		1,497,068,614	589,962,658	186,669,515
Increase in other current liabilities		126,300,350	72,427,013	193,831,974
Increase (decrease) in retirement benefit obligation		(18,792,172)	37,789,605	62,768,335
Cash generated from (used in) operations		13,483,916	(111,385,248)	47,614,568
Interest received from receivables		47,098,560	47,110,288	68,904,138
Cash paid for income taxes		(203,211,847)	(118,682,965)	(213,926,487)
Net Cash Used in Operating Activities		(142,629,371)	(182,957,925)	(97,407,781)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of additional ownership interest in a subsidiary	10	(576,274,666)	-	-
Interest received from cash and cash equivalents		16,431,520	10,176,239	2,976,037
Acquisitions of property and equipment	11	(14,137,022)	(79,495,071)	(59,732,477)
Proceeds from sale of property and equipment		123,214	299,066	-
Acquisitions of intangible assets	12	-	(54,717,213)	-
Dividends received	8	-	11,260,000	-
Net Cash Used in Investing Activities		(573,856,954)	(112,476,979)	(56,756,440)
Balance brought forward		(P 716,486,325)	(P 295,434,904)	(P 154,164,221)

	Notes	2019	2018	2017
Balance carried forward		**(P 716,486,325)**	(P 295,434,904)	(P 154,164,221)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from subscription of non-controlling interest	33	**930,000,000**	-	-
Payments of interest-bearing loans and borrowings	33	**(640,069,797)**	(744,676,494)	(357,136,500)
Interest paid		**(125,733,749)**	(108,738,077)	(89,403,977)
Repayments of advances from related parties	33	**(79,581,067)**	(82,991,682)	(32,891,450)
Repayments of lease liabilities	33	**(52,824,440)**	-	-
Proceeds from additional advances from related parties	33	**13,129,665**	965,658,750	505,494,378
Proceeds from interest-bearing loans and borrowings	33	**-**	800,000,000	400,000,000
Net Cash From Financing Activities		**44,920,612**	829,252,497	426,062,451
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(671,565,713)**	533,817,593	271,898,230
NET INCREASE IN CASH DUE TO ACQUISITION OF A SUBSIDIARY		**-**	2,184,545	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**1,816,898,287**	1,280,896,149	1,008,997,919
CASH AND CASH EQUIVALENTS AT END OF YEAR		**P 1,145,332,574**	P 1,816,898,287	P 1,280,896,149

Suppplemental Information on Non-cash Investing and Financing Activities:

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

2 In 2018, the Company has reclassified certain property development costs to investment properties (see Note 13). No similar transaction occurred in 2019 and 2017.

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, 2019 AND 2018
(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 2019	2018	2017
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%**	20%	-
Associates:				
Gilmore Property Marketing Associate, Inc. (GPMAI)	(b)	**47%**	47%	47%
Pacific Coast Megacity Inc. (PCMI)	(f)	**-**	-	20%

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, 2019.
(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 apparels 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. The registered office address, which is also the place of operations, of EPHI, LBASSI, 20th Century and PCMI are summarized below.

(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, 2019 and 2018, and shown as part of Other Non-current Assets account in the consolidated statements of financial position [see Note 3.2(g)].

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 67.25% 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.

On December 27, 2017, the SEC approved the change in the Company's registered office and principal place of business from 21st Floor, The World Centre Building, 330 Sen. Gil Puyat Avenue, Makati City to 12th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City. The related approval from the Bureau of Internal Revenue (BIR) was obtained on November 13, 2018.

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) Question & Answer (Q&A) No. 2012-01, PFRS 3.2 – *Application of Pooling-of-Interest Method for Business Combination of Entities under Common Control in Consolidated Financial Statements*; 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 Approval of the Consolidated Financial Statements

The consolidated financial statements of Empire East Land Holdings, Inc. and Subsidiaries (the Group) as of and for the year ended December 31, 2019 (including the comparative consolidated financial statements as of December 31, 2018 and for the years ended December 31, 2018 and 2017) were authorized for issue by the Group's Board of Directors (BOD) on April 6, 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized 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). 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.

(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 2019 that are Relevant to the Group

The Group adopted for the first time the following PFRS, amendments, interpretations and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2019:

PAS 19 (Amendments)	:	Employee Benefits – Plan Amendment, Curtailment or Settlement
PAS 28 (Amendments)	:	Investment in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures
PFRS 9 (Amendments)	:	Financial Instruments – Prepayment Features with Negative Compensation
PFRS 16	:	Leases
International Financial Reporting Interpretations Committee (IFRIC) 23	:	Uncertainty over Income Tax Treatments
Annual Improvements to PFRS (2015-2017 Cycle)		
PAS 12 (Amendments)	:	Income Taxes – Tax Consequences of Dividends
PFRS 23 (Amendments)	:	Borrowing Costs – Eligibility for Capitalization
PFRS 3 and PFRS 11 (Amendments)	:	Business Combinations and Joint Arrangements – Remeasurement of Previously Held Interests in a Joint Operation

Discussed below and in the succeeding pages are the relevant information about these pronouncements.

(i) PAS 19 (Amendments), *Employee Benefits – Plan Amendment, Curtailment or Settlement.* The amendments clarify that past service cost and gain or loss on settlement is calculated by measuring the net defined benefit liability or asset using updated actuarial assumptions and comparing the benefits offered and plan assets before and after the plan amendment, curtailment or settlement but ignoring the effect of the asset ceiling that may arise when the defined benefit plan is in a surplus position. Further, the amendments now require that if an entity remeasures its net defined benefit liability or asset after a plan amendment, curtailment or settlement, it should also use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the change to the plan. The application of these amendments did not have significant impact on the Group's consolidated financial statements as the Group annually updates the actuarial assumptions used in calculating its retirement benefit obligation. Moreover, the Group did not have any plan amendment, curtailment or settlement during the year.

(ii) PAS 28 (Amendments), *Investment in Associates – Long-term Interest in Associates and Joint Venture.* The amendments clarify that the scope exclusion in PFRS 9 applies only to ownership interests accounted for using the equity method. Thus, the amendments further clarify that long-term interests in an associate or joint venture – to which the equity method is not applied – must be accounted for under PFRS 9, which shall also include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. The application of these amendments did not have significant impact on the Group's consolidated financial statements as the Group applies the equity method in measuring its investments in associates.

(iii) PFRS 9 (Amendments), *Financial Instruments – Prepayment Features with Negative Compensation*. The amendments clarify that prepayment features with negative compensation attached to financial assets may still qualify under the "solely payments of principal and interests" (SPPI) test. As such, the financial assets containing prepayment features with negative compensation may still be classified at amortized cost or at fair value through other comprehensive income (FVOCI). The application of these amendments did not have significant impact on the Group's consolidated financial statements as the Group has no financial instruments with negative compensation.

(iv) PFRS 16, *Leases*. The new standard replaced PAS 17, *Leases*, and its related interpretation IFRIC 4, *Determining Whether an Arrangement Contains a Lease, Standard Interpretations Committee (SIC) 15, Operating Leases – Incentives*, and SIC 27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. For lessees, it requires an entity to account for leases "on-balance sheet" by recognizing a "right-of-use" asset and lease liability arising from contract that is, or contains, a lease.

For lessors, the definitions of the type of lease (i.e., finance and operating leases) and the supporting indicators of a finance lease are substantially the same with the provisions under PAS 17. In addition, basic accounting mechanics are also similar but with some different or more explicit guidance related to variable payments, sub-leases, lease modifications, the treatment of initial direct costs and lessor disclosures.

The Group has adopted PFRS 16 using the modified retrospective approach as allowed under the transitional provisions of the standard. The adoption of the standard has resulted in adjustments to the amounts recognized in the consolidated financial statements as at January 1, 2019, with the cumulative effect recognized in equity as an adjustment to the opening balance of Retained Earnings account as of January 1, 2019. Accordingly, comparative information was not restated.

The new accounting policies of the Group as a lessee and a lessor are disclosed in Notes 2.16(a) and 2.16(b), respectively.

The following are the relevant information arising from the Group's adoption of PFRS 16 and how the related accounts are measured and presented on the Group's consolidated financial statements as at January 1, 2019.

a. For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from PAS 17 and IFRIC 4 and has not applied PFRS 16 to arrangements that were previously not identified as leases under PAS 17 and IFRIC 4.

b. The Group recognized lease liabilities in relation to leases that had previously been classified as operating leases under PAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of January 1, 2019, which was 5.81%.

c. The Group has elected not to include initial direct costs in the measurement of right-of-use assets at the date of initial application. The Group also elected to measure the right-of-use assets at its carrying amount as if the standard has been applied since the commencement date of the lease but discounted using the lessee's incremental borrowing rate as at January 1, 2019.

d. For leases previously accounted for as operating leases with a remaining lease term of less than 12 months, the Group has applied the optional exemption to not recognize right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

e. The Group has also used the following practical expedients, apart from those already mentioned above, as permitted by the standard:

   (i) reliance on its historical assessments on whether leases are onerous as an alternative to performing an impairment review on right-of-use assets. As at January 1, 2019, the Group has no onerous contracts; and,

   (ii) use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Relative to the adoption of PFRS 16 in the Philippines, the FRSC also approved the issuance of the following Philippine Interpretation Committee (PIC) Question and Answer (Q&A):

a. *PIC Q&A 2019-11, Determining the Current Portion of an Amortizing Loan/Lease Liability*, clarifies the proper classification/presentation between current and non-current portion of amortizing loan/lease liability in the consolidated statement of financial position; and,

b. *PIC Q&A 2019-12, Determining the Lease Term under PFRS 16, Leases,* clarifies the lease term upon consideration of an option to either extend or terminate the lease.

Lease liabilities are included in current liabilities, except those with maturities greater than 12 months after the end of reporting period, which are classified as noncurrent liabilities. Moreover, the Group did not include any termination nor renewal option in determining the lease term since the termination and renewal of the lease contract is subject to the mutual agreement of both parties; hence, it will not be considered enforceable.

The following table shows the effects of the adoption of PFRS 16 in the carrying amounts and presentation of certain accounts in the consolidated statement of financial position as at January 1, 2019.

	Notes	**Carrying Amount (PAS 17) December 31, 2018**	**Remeasurement**	**Carrying Amount (PFRS 16) January 1, 2019**
Assets –				
Property and equipment	11	P 248,967,253	P 193,481,098	P 442,448,351
Liabilities:				
Lease liabilities:	17			
Current		-	(44,959,425)	(44,959,425)
Noncurrent		-	(159,098,877)	(159,098,877)
Deferred tax liabilities	24	(1,940,078,073)	3,173,161	(1,936,904,912)
Impact on net assets			(P 7,404,043)	

A reconciliation of the opening lease liabilities recognized at January 1, 2019 and the total operating lease commitments determined under PAS 17 at December 31, 2018 is shown below.

	Notes		
Operating lease commitments, December 31, 2018 (PAS 17)	28.2	P	240,877,975
Recognition exemptions – Leases with remaining term of less than 12 months	2.2(a)(iv)(d)	(	13,198,029)
Operating lease liabilities before discounting			227,679,946
Discount using incremental borrowing rate	2.2(a)(iv)(b)	(	23,621,644)
Lease liabilities, January 1, 2019 (PFRS 16)		P	204,058,302

(v) IFRIC 23, *Uncertainty over Income Tax Treatments.* This interpretation provides clarification on the determination of taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates when there is uncertainty over income tax treatments. The core principle of the interpretation requires the Group to consider the probability of the tax treatment being accepted by the taxation authority. When it is probable that the tax treatment will be accepted, the determination of the taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates shall be on the basis of the accepted tax treatment. Otherwise, the Group has to use the most likely amount or the expected value, depending on the surrounding circumstances, in determining the tax accounts identified immediately above. The application of this interpretation did not have significant impact impact on the Group's consolidated financial statements as the interpretation merely clarifies existing practice.

(vi) Annual Improvements to PFRS 2015-2017 Cycle. Among the improvements, the following amendments, which are effective from January 1, 2019, are relevant to the Group but did not have significant impact on the Group's consolidated financial statements as the related amendments merely clarify existing requirements:

- PAS 12 (Amendments), *Income Taxes – Tax Consequences of Dividends.* The amendments clarify that an entity should recognize the income tax consequence of dividend payments in profit or loss, other comprehensive income or equity according to where the entity originally recognized the transactions that generated the distributable profits.

- PAS 23 (Amendments), *Borrowing Costs – Eligibility for Capitalization.* The amendments clarify that if any specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, such borrowing is treated as part of the entity's general borrowings when calculating the capitalization rate.

- PFRS 3 (Amendments), *Business Combinations*, and PFRS 11 (Amendments), *Joint Arrangements – Remeasurement of Previously Held Interests in a Joint Operation.* The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

(b) Effective Subsequent to 2019 but not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to 2019, 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) PAS 1 (Amendments), *Presentation of Financial Statements* and PAS 8 (Amendments), *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material* (effective from January 1, 2020). 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.

(ii) Revised Conceptual Framework for Financial Reporting (effective from January 1, 2020). 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 consolidated financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised framework from January 1, 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised framework.

(iii) 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, *Business Combinations*, 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 or contribution 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 Memorandum Circular (MC) No. 04-2020*, Deferment of the Implementation of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry (IFRIC Agenda Decision)*

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.

In relation to the above issues, the SEC, in its Memorandum Circular No. 04-2020, provided for the relief to the real estate industry by deferring the implementation of the IFRIC Agenda Decision until December 31, 2020. Effective January 1, 2021, real estate companies in the Philippines shall adopt the IFRIC interpretations and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. However, a real estate company may opt not to avail of the relief provided and instead comply in full with the requirements of the IFRIC interpretations.

The Group opted to avail the relief provided by the SEC to defer the implementation of the IFRIC Agenda Decision until December 31, 2020. The Group's accounting policies with respect to capitalization of borrowing costs on real estate inventories under construction are disclosed in Notes 2.5 and 2.21.

Had the Group elected not to defer the IFRIC Agenda Decision, it would have the following impact in 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.

(d) SEC MC No. 14 Series of 2018 and MC No. 3 Series of 2019

The SEC issued MC No. 14 in 2018 and MC No. 3 in 2019 which provided relief by deferral of the application on the following items for three years until calendar year ending December 31, 2020.

(i) 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.

(ii) Treatment of land and uninstalled materials in the determination of POC (PIC Q&A No. 2018-12-E)

Uninstalled materials delivered on-site but not yet installed such as steels and rebars, elevators and escalators, which are yet to be installed or attached to the main structure are excluded in the assessment of measurement of progress. Land shall also be excluded in the assessment.

(iii) Accounting for common usage service area charges (PIC Q&A No. 2018-12-H)

According to the consensus of the PIC Q&A No. 2018-12-H, the following should be considered by the role of a real estate developer in providing goods or services:

a. Electricity usage – Agent
b. Water usage – Agent
c. Air-conditioning charges – Principal
d. Common use service area (CUSA) charges and administrative and handling fees – Principal

(iv) Accounting for cancellation of real estate sales (PIC Q&A No. 2018-14)

According to the consensus of the PIC Q&A No. 2018-14, repossessed inventory may initially be recognized at either costs or fair value plus repossession costs. Either approach should be applied consistently.

The Group elected to defer the adoption of the accounting for the significant financing component in a contract to sell under PIC Q&A 2018-12 in accordance with MC No. 14 series of 2018 and the measurement of repossessed inventory at fair value under PIC Q&A 2018-14 in accordance MC No. 3 series of 2019.

Had the Group elected not to defer the above specific provisions, it would have the following impact in the consolidated financial statements:

- 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 are calculated using the effective interest rate method. This will impact the retained earnings as at January 1, 2018 and real estate sales in 2019 and 2018.

- There would have been an increase in the retained earnings balance as at January 1, 2018 and net profit in 2019 and 2018 as a result of the gain from repossession. This is because repossessed inventory would have been recorded at either fair value plus repossession costs or fair value less repossession costs. The Group currently records repossessed inventory at its carrying amount and recognize in profit or loss the difference between the carrying amount of the repossessed inventory and receivable.

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) Investments in Associates

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. Investments in associates 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 investments in associates will not be recovered (see Note 2.19).

Changes resulting from other comprehensive income of the associates or items recognized directly in the associates' 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 associates are eliminated to the extent of the Group's interest in the associates. 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 transaction 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 asset 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 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 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 receivable 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 asset 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 subjected 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 is computed on the 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 on 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 Asset

Intangible asset includes 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. In addition, intangible asset is 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 Property

Investment property 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 the 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 property is 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)(i).

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 is 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 Pooling of Interest Method for Business Combination of Entities under Common Control in Consolidated Financial Statements*; 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 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 resource 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 is 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 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 are 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 20.3). 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

(i) Accounting for Leases in Accordance with PFRS 16 (2019)

For any new contracts entered into on or after January 1, 2019, 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.

(ii) Accounting for Leases in Accordance with PAS 17 (2018)

Leases which do not transfer to the Group substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments (net of any incentive received from the lessor) are recognized as expense in profit or loss on a straight-line basis over the lease term. Associated costs, such as repairs and maintenance and insurance, are expensed as incurred.

The Group determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

(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 an employee services are rendered, but does 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 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, 2019, 2018 and 2017, 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 and any subsequent change in ownership interest in the subsidiary.

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 (2019)

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 requires 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.

In 2019, upon adoption of PFRS 16, distinction between operating and finance leases are 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 (2019)

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 obligation. 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 apply 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 are higher than their related carrying values as of the end of the reporting periods.

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

The Group estimates the useful lives of property and equipment, intangible asset, and investment property 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 asset and investment property are analysed in Notes 11, 12 and 13, respectively. Based on management's assessment as at December 31, 2019 and 2018, 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, 2019 and 2018 will be utilized in the succeeding years.

The carrying values of the Group's deferred tax assets as of December 31, 2019 and 2018 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 P169.2 million and P165.2 million in 2019 and 2018, respectively, and is determined using a cash flow projection covering a five-year period with growth rate of 6% and an average discount rate of 4% in 2019 and 2018. 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, investments in associates, property and equipment, intangible asset, investment property, and other non-financial assets in 2019, 2018 and 2017 (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 benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 23.2.

(i) Determination of Fair Value of Investment Property

Investment property is 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 subsidiaries and associates, property and equipment, intangible asset, investment property 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 customer deposits. Excluded from segment liabilities are interest bearing loans and borrowings, trade and other payables, lease liabilities, advances from related parties, stock subscriptions payable, 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, 2019, 2018 and 2017 and certain asset and liability information regarding segments as at December 31, 2019 and 2018.

	High Rise Projects			Horizontal Projects			Total		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
REVENUES									
Real estate sales	P 3,661,348,402	P 3,331,891,869	P 3,577,749,754	P 347,559,553	P 180,651,069	P 355,636,807	P 4,008,907,955	P 3,512,542,938	P 3,933,386,561
Finance income	59,796,957	54,852,121	51,531,646	6,524,916	25,083,355	19,637,623	66,321,873	79,935,476	71,169,269
Rental income	102,521,874	103,810,109	73,616,139	45,911,504	1,631,906	67,427,516	148,433,378	105,442,015	141,043,655
Commission and other income	203,279,317	221,260,381	192,180,493	9,481,959	37,351,746	14,862,727	212,761,276	258,612,127	207,043,220
	4,026,946,550	3,711,814,480	3,895,078,032	409,477,932	244,718,076	457,564,673	4,436,424,482	3,956,532,556	4,352,642,705
COSTS AND OTHER OPERATING EXPENSES									
Cost of real estate sales	2,017,198,214	1,989,219,750	2,160,426,523	175,016,095	69,009,125	110,476,961	2,192,214,309	2,058,228,875	2,270,903,484
Finance costs	67,035,221	50,669,576	54,241,397	9,403,516	12,391,186	31,279,637	76,438,737	63,060,762	85,521,034
Rentals	24,159,601	99,243,761	164,488,032	157,920	960,553	1,428,346	24,317,521	100,204,314	165,916,378
Commissions	279,420,341	77,616,710	107,387,793	20,410,340	14,591,852	10,758,974	299,830,681	92,208,562	118,146,767
Advertising and promotion	210,170,540	75,119,172	110,237,016	16,912,080	12,973,989	16,411,021	227,082,620	88,093,161	126,648,037
Taxes and licenses	45,739,353	34,663,910	66,511,920	9,213,771	15,023,554	10,680,545	54,953,124	49,687,464	77,192,465
Association dues	76,313,602	43,603,112	32,727,344	2,688,230	7,624,153	3,553,401	79,001,832	51,227,265	36,280,745
Salaries and employee benefits	2,946,608	3,251,311	2,008,661	126,738	185,289	109,138	3,073,346	3,436,600	2,117,799
Others	60,177,162	23,925,974	51,828,950	8,430,001	11,308,005	8,420,414	68,607,163	35,233,979	60,249,364
Cost and other operating expenses excluding depreciation and amortization	2,783,160,642	2,397,313,276	2,749,857,636	242,358,691	144,067,706	193,118,437	3,025,519,333	2,541,380,982	2,942,976,073
Depreciation and amortization	15,964,484	16,201,422	3,349,999	12,408,515	12,417,724	13,668,347	28,372,999	28,619,146	17,018,346
	2,799,125,126	2,413,514,698	2,753,207,635	254,767,206	156,485,430	206,786,784	3,053,892,332	2,570,000,128	2,959,994,419
SEGMENT OPERATING PROFIT	P 1,227,821,424	P 1,298,299,782	P 1,141,870,397	P 154,710,726	P 88,232,646	P 250,777,889	P 1,382,532,150	P 1,386,532,428	P 1,392,648,286
SEGMENT ASSETS AND LIABILITIES									
Segment assets	P 24,297,127,389	P 23,397,139,895	P 20,664,382,384	P 7,333,417,274	P 7,585,869,596	P 7,864,870,584	P 31,630,544,663	P 30,983,009,491	P 28,529,252,968
Segment liabilities	4,309,464,596	3,173,846,164	2,512,855,300	328,121,410	313,724,708	330,809,341	4,637,586,006	3,487,570,872	2,843,664,461

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.

	2019	2018	2017
Revenues			
Total segment revenues	**P 4,436,424,482**	P 3,956,532,556	P 4,352,642,705
Unallocated revenues:			
Finance income	**229,080,549**	210,246,230	170,001,989
Commission income	**134,220,853**	112,516,507	119,381,451
Rental income from investment property	**6,037,655**	5,678,477	5,373,315
Other income	**412,089,940**	158,095,341	217,207,395
	781,428,997	486,536,555	511,964,150
Revenues as reported in the consolidated statements of comprehensive income	**P 5,217,853,479**	P 4,443,069,111	P 4,864,606,855
Profit or loss			
Segment operating profit	**P 1,382,532,150**	P 1,386,532,428	P 1,392,648,285
Other unallocated income	**781,428,997**	486,536,555	511,964,150
Other unallocated expenses	**(1,548,397,836)**	(1,337,912,463)	(1,335,303,619)
Net profit as reported in the consolidated statements of comprehensive income	**P 615,563,311**	P 535,156,520	P 569,308,816
Assets			
Segment assets	**P31,630,544,663**	P30,983,009,491	
Unallocated assets:			
Cash and cash equivalents	**1,145,332,574**	1,816,898,287	
Trade and other receivables-net	**4,225,749,275**	3,408,049,057	
Advances to related parties	**4,122,109,792**	2,927,206,315	
Prepayments and other current assets	**686,408,889**	581,459,609	
Financial asset at FVOCI	**1,312,916,000**	1,339,940,000	
Advances to landowners and joint ventures	**226,304,025**	142,458,052	
Investment in associates	**282,074,777**	285,905,713	
Property and equipment - net	**378,706,446**	248,967,253	
Investment property – net	**699,156,607**	727,175,156	
Intangible assets	**49,245,492**	54,717,213	
Other non-current assets	**83,517,650**	84,405,590	
	13,211,521,527	11,617,182,245	
Total assets as reported in the consolidated statements of financial position	**P44,842,066,190**	P42,600,191,736	

	2019	2018
Liabilities		
Segment liabilities	**P 4,637,586,006**	P 3,487,570,872
Unallocated liabilities:		
Interest-bearing loans and borrowings	**1,416,666,685**	2,056,736,482
Trade and other payables	**1,674,530,611**	1,786,066,286
Customers' deposits	**385,828,682**	22,753,104
Lease liabilities	**159,098,877**	-
Advances from related parties	**4,776,873,636**	4,578,102,879
Income tax payable	**45,934**	41,594
Other current liabilities	**813,113,986**	728,469,012
Retirement benefit obligation	**345,782,326**	305,283,627
Deferred tax liabilities - net	**2,028,814,391**	1,940,078,073
	11,600,755,128	11,417,531,057
Total liabilities as reported in the consolidated statements of financial position	**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:

	2019	2018
Cash on hand and in banks	**P 914,319,817**	P 1,092,012,128
Short-term placements	**231,012,757**	724,886,159
	P 1,145,332,574	P 1,816,898,287

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

Peso-denominated short-term placements are made for varying periods of up to 60 days in 2019, 2018 and 2017 and earn annual effective interest ranging from 0.75% to 6.5% in 2019, 0.3% to 6.5% in 2018, and 0.5% to 2.8% in 2017. Dollar-denominated short-term placements are made for varying periods of up to 31 days in 2019, 32 days in 2018, and 37 days in 2017 and earn annual effective interest ranging from 0.9% to 2.0% 2019, 0.4% to 2.3% in 2018, 0.4% to 0.8% in 2017 (see Note 22.1).

6. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	Notes	2019	2018
Current:			
Trade receivables	25.2	**P 3,180,607,874**	P 2,461,039,935
Advances to suppliers and contractors		**2,463,277,875**	1,885,855,650
Rent receivable	25.2	**389,859,853**	370,472,421
Advances to condominium associations		**207,839,747**	167,668,606
Interest receivable	25.3	**122,596,583**	165,163,264
Management fee receivable	25.2	**56,405,517**	71,717,709
Others		**460,174,091**	421,358,895
		6,880,761,540	5,543,276,480
Allowance for impairment		**(207,852)**	(244,711)
		6,880,553,688	5,543,031,769
Non-current:			
Trade receivables		**1,675,203,475**	1,233,256,236
Refundable security deposits		**112,093,619**	103,458,434
		1,787,297,094	1,336,714,670
		P8,667,850,782	P 6,879,746,439

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 2019 and 2018 is shown below.

	2019	2018
Balance at beginning of year	**P 244,711**	P 273,122
Write-off during the year	**(8,390)**	(18,300)
Recovery of accounts previously provided with allowance	**(28,469)**	(10,111)
Balance at end of year	**P 207,852**	P 244,711

Trade receivables of the Group are either interest-bearing or noninterest-bearing. The installment period of interest-bearing sales contracts ranges from two to 15 years while interest ranges from 16% to 22%. The related interest earned on these sales contracts amounting to P3.3 million in 2019, P11.6 million in 2018, and P12.0 million in 2017 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 5.63% in 2019 and 5.70% in 2018. 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 P76.4 million in 2019, P63.1 million in 2018, and P85.5 million in 2017 are presented as part of Finance Costs account in the consolidated statements of comprehensive income (see Note 22.2). Amortization of day-one loss amounting to P63.1 in 2019, P85.5 million in 2018 and P59.2 million in 2017 are presented as part of Finance Income account in the consolidated statements of comprehensive income (see Note 22.1).

The Group partially finances its real estate projects and other business undertakings through assignment of its trade receivables on a with recourse basis with certain local banks (see Note 14).

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 are 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 in 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 are mainly for the charges of utilities, real property taxes, licenses and management fee.

Refundable 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 2019 and 2018 were stated at cost. The composition of this account as at December 31 is shown below (see Note 19).

	2019	2018
Residential and condominium units for sale	**P 18,226,741,357**	P17,774,124,885
Raw land inventory	**5,121,365,396**	5,121,335,396
Property development costs	**1,888,457,824**	1,925,781,036
	P 25,236,564,577	P24,821,241,317

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 19), 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 P83.1 million, P117.7 million, and P89.9 million in 2019, 2018 and 2017, respectively (see Note 14).

Certain properties presented as part of Real Estate Inventories with total estimated carrying value of P28.5 million and P59.3 million as of December 31, 2019 and 2018, respectively, are used as security for the Group's interest-bearing loans and borrowings (see Note 14).

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

Management believes that the net carrying amounts of these assets are lower than their net realizable values considering 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 movement of the carrying amounts of financial assets at FVOCI as of December 31 is as follows:

	2019	2018
Balance at beginning of year	**P 1,339,940,000**	P 1,801,600,000
Fair value gains	**(27,024,000)**	(461,660,000)
Balance at end of year	**P 1,312,916,000**	P 1,339,940,000

Financial assets at FVOCI pertains 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, 2019 and 2018, 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 is 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 P11.3 million in 2018 and is presented as Dividend income under Finance Income in the 2018 consolidated statements of comprehensive income (see Note 22.1). There was no dividend income earned in 2019 and 2017.

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:

	2019	2018
Advances to landowners:		
Balance at beginning of year	**P 37,000,029**	P 25,000,029
Additional advances	**84,801,357**	12,000,000
Balance at end of year	**121,801,386**	37,000,029
Advances to joint ventures:		
Balance at beginning of year	**105,458,023**	281,887,866
Collections	**(968,584)**	(183,206,743)
Additional advances	**13,200**	6,800,000
Reclassification to escrow fee	**-**	(23,100)
Balance at end of year	**104,502,639**	105,458,023
	P 226,304,025	P 142,458,052

The Group commits to develop 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, 2019 and 2018.

The net commitment for construction expenditures amounts to:

	2019	2018
Total commitment for construction expenditures	**P 10,304,770,365**	P 10,304,770,365
Total expenditures incurred	**(8,802,552,361)**	(8,179,629,191)
Net commitment	**P 1,502,218,004**	P 2,125,141,174

The Group's interest in jointly controlled operations and projects ranges from 55% to 82% in 2019 and 2018. The Group's jointly controlled projects are as follows:

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

As of December 31, 2019 and 2018, 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 associates as of December 31 are as follows:

	2019		2018	
	% Interest Held	**Amount**	% Interest Held	Amount
Investments in associates – at equity				
Balance at beginning of year				
Acquisition costs:				
GPMAI	**47%**	**P 293,960,618**	47%	P 293,960,618
PCMI	-	**-**	20%	877,776,747
		293,960,618		1,171,737,365
Derecognition during the year		**-**		(877,776,747)
Balance at end of year		**293,960,618**		293,960,618
Accumulated equity in net losses:				
Balance at beginning of year		**(8,054,905)**		(9,441,824)
Equity share in net losses for the year		**(3,830,936)**		(6,310,718)
Derecognition of PCMI share		**-**		7,697,637
Balance at end of year		**(11,885,841)**		(8,054,905)
		P 282,074,777		P 285,905,713

10.1 Acquisition of PCMI

In December 2018, while still having 20% ownership interest in PCMI, the Company was able to exercise de facto control over PCMI; hence, the investment was accounted as an Investment in Subsidiary. The acquisition was accounted for under pooling-of-interests method of accounting (see Note 1.2).

In 2019, the Company acquired another 20% interest over PCMI for P886.3 million, P576.3 million of which was paid to the previous owner of the shares while the remaining balance pertains to the payment of the related subscription payable to PCMI. The difference between the fair value of the consideration paid and the acquired share in the carrying value of the net assets of PCMI was recognized directly in Other Reserves account.

10.2 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)
2019	**P 580,904,849**	**P 16,603,383**	**P 12,051,997**	**P -**	**P 7,624,319**	**P 2,402,820**
2018	578,823,331	16,394,901	12,045,836	-	5,897,566	(2,775,782)

As of December 31, 2019 and 2018, there are no available fair values for these investments in associates 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.

10.3 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		Subsidiary's Consolidated Profit (Loss) Allocated to NCI		Accumulated Equity of NCI	
	2019	2018	**2019**	2018	**December 31, 2019**	December 31, 2018
LBASSI	**27.50%**	27.50%	**P 1,150,045**	P 1,003,890	**P 80,977,476**	P 79,637,731
SPLI	**40.00%**	40.00%	**(81,521)**	(65,737)	**542,529,572**	542,611,093
PCMI	**60.00%**	80.00%	**(7,527,084)**	-	**2,188,826,213**	1,936,471,063

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

	Assets	Liabilities	Equity	Revenues	Net Profit (Loss)	Other Comprehensive Income (Loss)
December 31, 2019						
LBASSI	**P 161,406,313**	**P 36,713,640**	**P 124,692,673**	**P 52,091,228**	**P 4,181,981**	**P 689,818**
SPLI	**512,008,159**	**22,382,437**	**489,625,722**	**-**	**(203,802)**	**-**
PCMI	**3,656,498,649**	**8,454,960**	**3,648,043,689**	**24,717**	**(12,545,140)**	**-**
December 31, 2018						
LBASSI	P 175,734,505	P 55,913,631	P 119,820,874	P 52,373,775	P 3,650,508	P 1,270,944
SPLI	511,991,748	22,162,224	489,829,524	-	(164,342)	-
PCMI	2,429,036,789	8,447,960	2,420,588,829	-	(13,242,786)	-

	Net Cash from (Used in) Operating Activities	Net Cash from (Used in) Investing Activities	Net Cash from (Used in) Financing Activities
2019			
LBASSI	**P 8,593,160**	**(P 3,027,686)**	**(P 20,307,025)**
SPLI	**(16,932)**	**-**	**13,213**
PCMI	**(1,239,981,227)**	**-**	**1,240,000,000**
2018			
LBASSI	P 20,896,546	(P 10,400,236)	(P 309,344)
SPLI	(189,362)	-	202,510
PCMI	-	-	-

In 2019 and 2018, LBASSI, SPLI, and PCMI have not declared nor paid any dividends.

10.4 Contingent Liabilities

As of December 31, 2019 and 2018, the Group has no contingent liabilities for subsidiaries and associates 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 associates.

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

10.5 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 2019 and 2018 are shown below.

	Land	Building and Other Improvements	Leasehold Improvements	Transportation Equipment	Office Furniture and Equipment	Right-of-use Asset	Total
December 31, 2019							
Cost	P 81,095,000	P 90,984,582	P 160,354,509	P 76,669,313	P 141,492,259	P 193,481,098	P 744,076,761
Accumulated depreciation and amortization	-	(44,009,365)	(87,290,168)	(63,417,487)	(122,283,020)	(48,370,275)	(365,370,315)
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**
December 31, 2018							
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
January 1, 2018							
Cost	P 81,095,000	P 82,394,341	P 103,068,557	P 73,318,902	P 145,218,016	P -	P 485,094,816
Accumulated depreciation and amortization	-	(37,058,841)	(66,451,456)	(55,158,686)	(128,282,661)	-	(286,951,644)
Net carrying amount	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

A reconciliation of the carrying amounts at the beginning and end of 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, 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 is subject to impairment testing whenever there is an indication that the carrying amount may be recoverable. No impairment loss was recognized in 2019 and 2018 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 P196.9 million and P194.6 million as of December 31, 2019 and 2018, respectively.

12. INTANGIBLE ASSET

The gross carrying amounts and accumulated amortization of software licenses at the beginning and end of 2019 and 2018 are shown below.

	2019	2018
Cost	**P 54,717,213**	P 54,717,213
Accumulated amortization	**(5,471,721)**	-
Net carrying amount	**P 49,245,492**	P 54,717,213

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

	2019	2018
Balance at beginning of year	**P 54,717,213**	P -
Additions	**-**	54,717,213
Amortization expense for the year	**(5,471,721)**	-
Balance at end of year	**P 49,245,492**	P 54,717,213

The amount of amortization charges is presented as part of Depreciation and Amortization account under Costs and Expenses section of the 2019 consolidated statement of comprehensive income. No amortization charges had been incurred in 2018.

Intangible asset is subject to impairment testing whenever there is an indication that the carrying amount may be recoverable. No impairment loss was recognized in 2019 and 2018 as the recoverable amount of intangible asset 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, 2019, 2018 and 2017 amounted to P123.5 million, P41.2 million and P24.8 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 P1.1 million, P1.4 million, and P1.3 million in 2019, 2018, and 2017, respectively, was recognized as a related expense in those years, and was presented as part of Taxes and Licenses in the consolidated statements of comprehensive income.

The gross carrying amounts and accumulated depreciation of investment property at the beginning and end of 2019 and 2018 are shown below.

		Held for Lease		
	Land	Building	Other Properties	Total
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**
December 31, 2018				
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
January 1, 2018				
Cost	P 1,040,000	P 47,274,140	P 288,822,318	P 337,136,458
Accumulated depreciation	-	(26,000,777)	(192,580,055)	(218,580,832)
Net carrying value	P 1,040,000	P 21,273,363	P 96,242,263	P 118,555,626

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

		Held for Lease		
	Land	Building	Other Properties	Total
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)
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

In 2018, certain property development costs were reclassified to investment properties as such properties are solely held to earn rentals. There were no similar transactions in 2019.

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 2019 and 2018 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.

2019	2018	Explanatory Notes	Interest Rate	Security	Maturity
P 500,000,000	800,000,000	*(a)*	Fixed at 5.0% pa subject to annual repricing	Unsecured	2021
916,666,685	1,250,000,000	*(b)*	Fixed at 5.6% for 1st and 2nd tranches and 7.6% for the 3rd tranche.	Unsecured	Up to 2022
-	6,736,482	*(c)*	Fixed rate of 9.0%	Assignment of receivables	As account matures
P 1,416,666,685	P 2,056,736,482				

(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 4.5% and fixed at 7.7% starting on 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 upon maturity and interest is payable monthly 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 7.6% 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, loans through assignment of receivables

In prior years, the Group obtained loans from local banks by assigning certain trade receivables on a with recourse basis (see Note 6). The loans bear fixed interest rates at 9.0% per annum and are being paid as the related receivables are collected. The loans are secured by certain properties presented as part of real estate inventories with total estimated carrying value of P28.5 million and P59.3 million as of December 31, 2019 and 2018, respectively.

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, 2019 and 2018, the Group is in compliance with such financial covenant obligations.

Total interest on these interest-bearing loans and borrowings in 2019, 2018, and 2017 amounted to P122.0 million, P114.7 million, and P89.9 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 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, 2019 and 2018 amounted to P2.7 million and P8.9 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 5.86%, 5.72% and 4.49% in 2019, 2018 and 2017.

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

	2019	2018
Current	**P 733,333,352**	P 637,985,837
Non-current	**683,333,333**	1,418,750,645
	P 1,416,666,685	P 2,056,736,482

15. TRADE AND OTHER PAYABLES

This account consists of:

	Note	**2019**	2018
Trade payable		**P 1,555,858,580**	P 1,662,329,144
Taxes payable		**68,194,851**	59,975,986
Accrued expenses		**36,633,996**	38,370,952
Commissions		**10,011,452**	13,555,085
Interest payable	14	**2,739,677**	8,931,306
Miscellaneous		**1,092,055**	2,903,813
		P 1,674,530,611	P 1,786,066,286

Taxes payable pertain 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.

	2019	2018
Advances from customers	**P3,936,723,215**	P 2,557,382,820
Other deposits	**831,756,534**	714,028,315
	P4,768,479,749	P 3,271,411,135

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 three years and is presented as Right-of-use assets under Property and Equipment and as Lease Liabilities in the 2019 consolidated statement 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.

17.1 Lease Liabilities

Lease liabilities are presented in the consolidated statement of financial position as at December 31, 2019 as follows:

Current	P 47,233,071
Non-current	111,865,806
	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, 2019, 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, 2019 is as follows:

	Within 1 year	Less than 3 years	Total
Lease payment	P 55,465,664	P 119,389,841	P 174,855,505
Finance charges	(8,232,593)	(7,524,035)	(15,756,628)
Net present value	**P 47,233,071**	**P 111,865,806**	**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 expenses relating short-term leases amounted to P37.4 million and are presented as Rentals under Other Expenses account in the 2019 consolidated statement of comprehensive income (see Notes 21.2 and 28.2).

17.3 Additional Profit or Loss and Cash Flow Information

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

18. OTHER CURRENT LIABILITIES

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

	Note	**2019**	2018
Retention payable		**P 732,983,812**	P 647,078,998
Refund liability	21.2	**126,614,798**	84,959,422
Refundable deposits		**56,770,491**	55,423,852
Miscellaneous		**23,359,683**	25,966,162
		P 939,728,784	P 813,428,434

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. COST OF REAL ESTATE INVENTORIES

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

	2019	2018	2017
Contracted services	**P 1,961,608,183**	P 1,870,564,914	P 1,950,339,026
Land cost	**149,613,310**	121,213,234	182,617,820
Borrowing cost	**50,074,877**	45,398,589	45,423,846
Other costs	**30,917,939**	21,052,138	92,522,793
	P 2,192,214,309	P 2,058,228,875	P 2,270,903,485

20. REAL ESTATE SALES

20.1 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 in the succeeding page.

	2019	2018	2017
Geographical areas			
Within Metro Manila	**P 3,588,975,414**	P 2,991,954,956	P 3,275,936,656
Outside Metro Manila	**419,932,541**	520,587,982	657,449,905
	P 4,008,907,955	P 3,512,542,938	P 3,933,386,561
Types of product or services			
Residential condominium	**P 3,661,348,402**	P 3,331,891,869	P 3,577,849,667
Residential lots and house and lots	**347,559,553**	180,651,069	355,536,894
	P 4,008,907,955	P 3,512,542,938	P 3,933,386,561

20.2 Contract Accounts

a. Contract Assets

The Group's contact assets are classified as follows:

	2019	2018
Current	**P 1,602,894,215**	P 1,437,840,430
Non-current	**348,984,364**	1,252,230,362
	P 1,951,878,579	P 2,690,070,792

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

	2019	2018
Balance at beginning of year	**P2,690,070,792**	P2,471,884,306
Transfers from contract assets recognized at the beginning of year to trade receivables	**(1,321,385,012)**	(367,007,051)
Increase as a result of changes in measurement of progress	**583,192,799**	585,193,537
Balance at end of year	**P1,951,878,579**	P2,690,070,792

b. Contract Liabilities

The Group's contact liabilities are classified as follows:

	2019	2018
Current	**P 26,257,816**	P 23,524,123
Non-current	**102,062,325**	130,429,296
	P 128,320,141	P 153,953,419

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

	2019	2018
Balance at beginning of year	**P 153,953,419**	P 233,507,423
Revenue recognized that was included in contract liabilities at the beginning of year	**(1,267,361,830)**	(690,165,902)
Increase due to cash received excluding amount recognized as revenue during the year	**1,241,728,552**	610,611,898
Balance at end of year	**P 128,320,141**	P 153,953,419

20.3 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 is 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 2019, 2018 and 2017 is presented as part of Commissions account under Cost and Expenses section of the consolidated statements of comprehensive income.

The movement in balances of deferred commission in 2019 and 2018 is presented below.

	2019	2018
Balance at beginning of year	**P 116,416,946**	P 105,254,618
Additional capitalized cost	**204,090,915**	82,158,795
Amortization for the period	**(152,417,103)**	(70,996,467)
Balance at end of year	**P 168,090,758**	P 116,416,946

20.4 Transaction Price Allocated to Unsatisfied Performance Obligations

The aggregate amount of transaction price allocated to partially or wholly unsatisfied contracts as of December 31, 2019 and 2018 is P1.1 billion and P1.3 billion, respectively. As of December 31, the Group expects to recognize revenue from unsatisfied contracts as follows:

	2019	2018
Within a year	**P 871,074,067**	P 923,038,265
More than one year to three years	**200,741,866**	258,252,977
More than three years to five yeas	**5,562,683**	75,683,522
Balance at end of year	**P 1,077,378,616**	P 1,256,974,764

21. OTHER INCOME AND EXPENSES

21.1 Other Income

The details of this account are shown below.

	Note	**2019**	2018	2017
Forfeited collections and deposits		**P 160,252,102**	P257,888,426	P 207,043,220
Marketing and management fees	25.2	**412,247,010**	97,166,183	168,781,665
Tuition and miscellaneous fees		**52,091,228**	49,243,425	44,573,318
Miscellaneous		**260,876**	12,409,434	3,852,412
		P 624,851,216	P416,707,468	P 424,250,615

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 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	2019	2018	2017
Association dues		**P 86,219,833**	P 64,007,504	P 42,372,738
Provision for refund liability	18	**44,969,122**	22,732,643	24,680,738
Rentals	25.4, 28.2	**37,426,421**	156,028,437	228,366,889
Utilities		**21,722,897**	26,214,339	35,690,469
Security services		**15,623,688**	13,440,640	18,147,080
Janitorial services		**11,045,464**	4,624,572	8,825,231
Office supplies		**7,444,386**	1,562,233	4,461,909
Professional fees	25.4	**7,005,085**	5,354,107	24,044,029
Repairs and maintenance		**5,636,188**	8,677,885	6,558,596
Insurance		**4,774,245**	4,390,547	9,325,295
Outside services		**4,676,853**	5,474,414	5,575,081
Documentation		**2,245,156**	7,481,843	1,155,125
Marketing events and awards		**1,969,163**	488,161	1,035,515
Representation		**148,487**	4,449,506	714,027
Miscellaneous	6	**15,564,477**	19,904,619	18,758,634
		P 266,471,465	P 344,831,450	P 429,711,356

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

22. FINANCE INCOME AND FINANCE COSTS

22.1 Finance Income

The breakdown of this account is shown below.

	Notes	2019	2018	2017
Interest income:				
Advances to related parties	25.1	**P 211,040,685**	P 170,272,035	P 165,880,061
Cash and cash equivalents	5	**16,431,520**	10,176,239	2,976,037
Trade and other receivables	6	**3,261,112**	11,591,540	12,012,411
Tuition fees		**1,270,768**	1,164,548	1,026,911
		232,004,085	193,204,362	181,895,420
Amortization of day-one loss on noninterest-bearing financial instruments	6	**63,060,763**	85,521,034	59,156,858
Dividend income	8	**-**	11,260,000	-
Foreign currency gains - net		**337,574**	196,310	118,980
		P 295,402,422	P 290,181,706	P 241,171,258

22.2 Finance Costs

The breakdown of Finance costs is shown below.

	Notes	2019	2018	2017
Interest expense on advances from related parties	25.1	**P 265,222,159**	P 248,283,000	P 193,256,870
Day-one loss on non-interest bearing financial instruments	6	**76,438,736**	63,060,762	85,521,035
Bank loans	14	**38,953,861**	-	-
Lease liabilities	17.3	**7,865,015**	-	-
Net interest expense on post-employment defined benefit obligation	23.2	**21,530,445**	31,651,201	26,090,295
		P 410,010,216	P 342,994,963	P 304,868,200

23. SALARIES AND EMPLOYEE BENEFITS

23.1 Salaries and Employee Benefits Expense

Expenses recognized for salaries and employee benefits are presented below.

	Note	2019	2018	2017
Short-term benefits		**P 441,972,438**	P 386,038,599	P 368,962,676
Post-employment benefits	23.2	**29,207,828**	70,789,605	65,768,335
		P 471,180,266	P 456,828,204	P 434,731,011

23.2 Post-employment Benefits

(a) Characteristics of the Defined Benefit Plan

The Group maintains a partially-funded, taxqualified, 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 an independent actuaries.

The amounts of post-employment benefit recognized in the consolidated statements of financial position are determined as follow:

	2019	2018
Present value of the obligation	**P 474,380,430**	P 387,550,743
Fair value of the assets	**(128,598,104)**	(82,267,116)
	P 345,782,326	P 305,283,627

The movements in the present value of the post-employment DBO recognized in the books are as follows:

	2019	2018
Balance at beginning of year	**P 387,550,743**	P 623,131,227
Current service cost	**29,207,828**	70,789,605
Interest expense	**29,135,630**	35,518,479
Remeasurements:		
Actuarial losses (gains) arising from:		
Changes in financial assumptions	**65,009,969**	(248,657,353)
Experience adjustments	**(29,432,740)**	20,738,313
Changes in demographic assumptions	**-**	(107,979,278)
Benefits paid	**(7,091,000)**	(5,990,250)
Balance at end of year	**P 474,380,430**	P 387,550,743

The movements in the fair value of plan assets are presented below.

	2019	2018
Balance at beginning of year	**P 82,267,116**	P 52,846,968
Interest income	**7,605,185**	3,867,278
Loss on plan assets (excluding amounts included in net interest)	**(2,183,197)**	(1,456,880)
Actual contribution	**48,000,000**	33,000,000
Benefits paid	**(7,091,000)**	(5,990,250)
Balance at end of year	**P 128,598,104**	P 82,267,116

The Group's plan assets are composed of cash and cash equivalents amounting to P84.7 million and P82.3 million as of December 31, 2019 and 2018, respectively, and investment in debt securities amounting to P43.9 million as of December 31, 2019. There was no investment in debt securities in the Group's plan assets in 2018.

The plan assets earned a return of P5.4 million and P2.4 million in 2019 and 2018, respectively.

The components of amounts recognized in the consolidated statements of comprehensive income in respect of the post-employment defined benefit plan is as follows:

	Notes	2019	2018	2017
Reported in profit or loss:				
Current service cost	23.1	**P 29,207,828**	P 70,789,605	P 65,768,335
Net interest expense	22.2	**21,530,445**	31,651,201	26,090,295
		P 50,738,273	P 102,440,806	P 91,858,630
Reported in other comprehensive income (loss):				
Actuarial gains (losses) arising from:				
- changes in financial assumptions		**(P 65,009,969)**	P 248,657,353	P 70,875,767
- experience adjustments		**29,432,740**	(20,738,313)	-
- demographic assumption		**-**	107,979,278	(22,066,078)
Loss on plan assets (excluding amounts included in net interest)		**(2,183,197)**	(1,456,880)	(1,720,423)
		(P 37,760,426)	P 334,441,438	P 47,089,266

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 is 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:

	2019	2018	2017
EELHI			
Discount rates	**5.22%**	7.53%	5.70%
Expected rate of salary increases	**6.00%**	7.00%	10.00%
EPHI:			
Discount rates	**5.02%**	7.45%	5.70%
Expected rate of salary increases	**7.01%**	7.51%	8.43%
LBASSI:			
Discount rate	**5.17%**	7.51%	5.70%
Expected rate of salary increases	**2.00%**	5.00%	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 and 65 for both males and females are shown below.

	Retirement Age	Average Remaining Working Life
EELHI	60	28.8
LBASSI	60	30
EPHI	65	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 to 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 in 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
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%**	**(P 4,005,895)**	**P 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)**
2018			
EELHI			
Discount rate	+9.70%/-11.40%	(P 31,541,948)	P 37,039,191
Salary increase rate	+11.40%/-9.90%	36,864,432	(31,962,061)
EPHI			
Discount rate	+/-0.50%	(2,681,727)	4,416,365
Salary increase rate	+/-1.00%	5,937,818	(9,542,089)
LBASSI			
Discount rate	+/-1.00%	(660,178)	786,030
Salary increase rate	+/-1.00%	798,276	(680,562)

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 P345.8 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 expect to make contribution of at least P53.0 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:

	2019	2018
Within one year	**P 18,638,465**	P 13,949,452
More than one year to five years	**174,254,768**	174,820,077
More than five years to 10 years	**155,723,305**	148,477,732
More than 10 years to 15 years	**34,047,586**	29,619,476
More than 15 years to 20 years	**57,670,896**	62,276,756
More than 20 years	**363,568,972**	450,176,566
	P 803,903,992	P 879,320,059

The weighted average duration of the DBO at the end of the reporting period is 11.4 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.

On April 10, 2017, the registration with the BOI expired. However, the Group is in the process of renewing its registration with the BOI as of the date the consolidated financial statements were authorized for issue by the BOD. The Group is not expected to obtain the renewal from the BOI before filing the 2019 annual income tax return with the BIR. Consequently, only the income earned for the taxable period January 1, 2017 to April 10, 2017 was considered as an incentive under ITH in determining the taxable income.

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:

	2019	2018	2017
Reported in profit or loss:			
Current tax expense:			
Regular corporate income tax (RCIT) at 30% and 10%	**P 200,731,023**	P 110,219,020	P 200,123,871
Final tax at 20%, 15% and 7.5%	**3,260,933**	2,009,804	573,923
Deferred tax expense relating to origination and reversal of temporary differences	**102,668,785**	122,070,099	83,059,383
	P 306,660,741	P 234,298,923	P 283,757,177
Reported in other comprehensive income (loss) –			
Deferred tax income (expense) relating to origination and reversal of temporary differences	**P 11,535,073**	(P 99,951,148)	(P 13,842,265)

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:

	2019	2018	2017
Tax on pretax profit at 30% and 10%	**P 277,123,037**	P 233,272,351	P 255,842,368
Adjustment for income subjected to lower income tax rates	**(1,573,728)**	(959,654)	(250,980)
Tax effects of:			
Nondeductible taxes and licenses	**21,530,429**	12,027,047	5,528,805
Unrecognized deferred tax assets	**3,975,812**	188,329	261,141
Nondeductible interest expense	**1,591,798**	977,826	265,263
Nontaxable income	**-**	(3,396,387)	-
Nondeductible expenses	**-**	105,397	65,517
Income subject to ITH-ERO	**-**		(20,547,117)
Others - net	**4,013,393**	(7,915,984)	42,592,180
	P 306,660,741	P 234,298,923	P 283,757,177

The net deferred tax liabilities as of December 31 relate to the following:

	Consolidated Statements of Financial Position		Consolidated Statement of Profit or Loss		
	2019	2018	**2019**	2018	2017
Deferred tax assets:					
Retirement benefit obligation	**P 101,880,351**	P 89,820,990	**P 524,287**	(P 20,532,367)	(P 26,378,824)
Lease liability	**47,729,663**	-	**(13,487,827)**	-	-
Provision for refund liability	**37,984,439**	25,487,827	**12,496,612**	(6,819,793)	(7,404,222)
Unamortized past service cost	**15,120**	39,279	**(24,159)**	77,553	77,553
Net operating loss carry over (NOLCO)	**-**	1,530,631	**(1,530,631)**	(1,530,631)	-
Accrued rent	**-**	-	**-**	812,253	(286,899)
Minimum corporate income tax (MCIT)	**-**	775,769	-	(775,769)	-
	P 187,609,573	P 117,654,496	**(P 2,021,718)**	(P 28,768,754)	(P 33,992,392)
Deferred tax liabilities:					
Uncollected realized gross profit	**(1,892,750,595)**	(1,804,499,610)	**88,250,985**	80,425,506	151,700,167
Capitalized borrowing cost	**(229,611,622)**	(218,248,981)	**11,362,641**	67,041,449	(39,025,387)
Deferred commission	**(50,427,228)**	(34,925,084)	**15,502,144**	3,348,698	4,523,024
Right of use asset – net	**(43,533,247)**	-	**(14,511,082)**	-	-
Unrealized foreign exchange gains - net	**(101,272)**	(58,894)	**42,379**	23,200	(146,029)
	(2,216,423,964)	(2,057,732,569)	**100,647,067**	150,838,853	117,051,775
Net Deferred Tax Expense			**P 102,668,785**	P 122,070,099	P 83,059,383
Net Deferred Tax Liabilities - net	**(P 2,028,814,391)**	(P 1,940,078,073)			

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, 2019 [see Note 2.2(a)(iv)].

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 income amounting to P11.5 million in 2019 and tax expense of P100.0 million and P13.8 million in 2018 and 2017, respectively.

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 details of NOLCO incurred by certain subsidiaries, which can be claimed as deduction from their respective future taxable income within three years from the year the loss was incurred, are shown below.

Subsidiaries	Year Incurred	Amount	Valid Until
PCMI	2019	P 12,564,914	2022
	2018	13,242,786	2021
	2017	9,591,760	2020
EECI	2019	369,862	2022
	2018	304,035	2021
	2017	147,986	2020
SPLI	2019	203,802	2022
	2018	164,342	2021
	2017	175,174	2020
SOHI	2019	193,891	2022
	2018	153,939	2021
	2017	149,301	2020

Subsidiaries	Year Incurred	Amount	Valid Until
VVPI	2019	230,320	2022
	2018	155,588	2021
	2017	151,360	2020
20th Century	2019	263,984	2022
	2018	209,061	2021
	2017	178,249	2020
EPHI	2018	5,102,103	2021

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 2019 for which the related deferred tax asset has not been recognized amounted to a total of P13.8 million with a total tax effect of P4.1 million. In 2019, EPHI was able to utilize its NOLCO incurred in 2018.

The aggregated amounts of assets, deficit, revenues and net loss of the subsidiaries which incurred NOLCO are as follows:

	Assets	**Deficit**	**Revenues**	**Net Loss**
2019				
PCMI	P 3,656,498,649	P 101,956,311	P 24,717	P 12,545,140
EECI	25,251,078	208,338,597	205	369,698
SPLI	512,008,159	10,374,278	-	203,802
SOHI	16,893,152	8,974,384	-	193,891
VVPI	90,978,603	4,245,732	-	230,320
20th Century	1,313,266	61,128,535	-	263,984
	P 4,302,942,907	**P 395,017,837**	**P 24,922**	**P 13,806,835**
2018				
PCMI	P 2,429,036,789	P 89,411,171	P -	P 13,242,786
EPHI	2,191,576,274	-	112,516,507	-
EECI	25,205,038	207,968,899	204	655,195
SPLI	511,991,748	10,170,476	-	164,342
SOHI	16,806,330	8,780,493	-	153,939
VVPI	90,944,264	4,015,412	-	155,588
20th Century	1,294,653	60,864,551	-	209,061
	P 5,266,855,096	P 381,211,002	P 112,516,711	P 14,580,911

In 2019, 2018 and 2017, 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, associates, related parties under common ownership, key management personnel, and the Group's retirement plan as described below and in the succeeding page.

The summary of the Group's significant transactions and outstanding balances with its related parties are follows:

Related Party Category	Notes	Amount of Transactions 2019	2018	2017	Outstanding Balance 2019	2018
Ultimate Parent:						
Financial assets at FVOCI	8	**(P 27,024,000)**	(P 461,660,000)	P 362,572,000	**P 1,312,916,000**	P1,339,940,000
Dividend income	8, 22.1	**-**	11,260,000	-	**-**	-
Parent:						
Availment of advances	25.1, 25.5	**(223,937,720)**	(1,206,232,131)	(181,621,801)	**(3,906,101,925)**	(3,682,164,205)
Rendering of services	25.2	**144,484,332**	161,473,041	166,899,128	**669,771,982**	649,551,070
Obtaining of services	25.4	**829,920**	933,660	-	**-**	-
Associates –						
Availment of advances	25.1	**1,019,005**	256,255,249	19,762,003	**(386,937,980)**	(387,956,985)
Under common ownership:						
Repayment (availment) of advances	25.1	**24,147,958**	50,000,000	(504,000,000)	**(483,833,731)**	(507,981,689)
Granting of advances	25.1	**1,194,903,477**	424,850,002	191,098,512	**4,122,109,792**	2,927,206,315
Rendering of services	25.2	**405,730,341**	71,434,364	129,799,869	**310,883,408**	181,940,002
Obtaining of services	25.4	**-**	(62,014)	(33,796,311)	**-**	-
Sale of land	25.3	**-**	-	-	**40,643,067**	40,643,067
Key management personnel –						
Compensation	25.6	**51,492,157**	67,299,168	56,395,455	**-**	-

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 2019, 2018 and 2017 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, associates 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 in the succeeding page.

	Note	2019	2018
Balance at beginning of year		**P 2,927,206,315**	P 2,502,356,313
Interest income	22.1	**211,040,685**	170,272,035
Additional advances		**983,862,792**	254,577,967
Balance at end of year		**P 4,122,109,792**	P 2,927,206,315

The Advances from Related Parties account represents the outstanding balances arising from cash advances obtained by the Group from its parent company, associates and certain related parties under common ownership. The details as at December 31 are as follow:

	2019	2018
Parent	**P 3,906,101,925**	P 3,682,164,205
Associate	**386,937,980**	387,956,985
Other related parties	**483,833,731**	507,981,689
	P 4,776,873,636	P 4,578,102,879

The movement in the Advances from Related Parties account are shown below.

	Notes	2019	2018
Balance at beginning of year		**P 4,578,102,879**	P 3,678,125,997
Additions		**13,129,665**	965,658,750
Interest expense	22.2	**265,222,159**	248,283,000
Repayments		**(79,581,067)**	(82,991,682)
Elimination of PCMI advances	10	**-**	(239,146,146)
Additional advances due to consolidation of PCMI	10	**-**	8,172,960
Balance at end of year		**P 4,776,873,636**	P 4,578,102,879

Cash advances from parent company bears fixed interest rate ranging between 7% and 12% per annum in 2019, 2018 and 2017. 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		
	2019	2018	2017
Management services	**P 359,818,838**	P 71,434,364	P 129,799,869
Commission income	**134,220,853**	112,516,507	119,381,451
Lease of property	**56,174,982**	48,956,534	47,517,677
	P 550,214,673	P 232,907,405	P 296,698,997

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 2019 and 2018 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 and a related party under common ownership. 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).

25.4 Obtaining of Services

The summary of services obtained by the Group as of December 31 is presented below.

	Amount of Transactions		
	2019	2018	2017
Management fee	**P 829,920**	P 933,660	P 17,907,218
Lease of showroom and parking space	**-**	62,014	15,889,093
	P 829,920	P 995,674	P 33,796,311

In 2017, 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, 2019 and 2018.

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 consolidated statements of comprehensive income (see Note 21.2). There was no similar transaction in 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 periods, 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:

	2019	2018	2017
Short-term benefits	**P 45,764,610**	P 41,286,364	P 37,312,790
Post-employment benefits	**5,727,547**	26,012,804	19,082,665
	P 51,492,157	P 67,299,168	P 56,395,455

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, 2019, 2018 and 2017 (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, 2019 and 2018 are presented in Note 23.2. As of December 31, 2019 and 2018, the Group's retirement fund do 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 pertains 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, 2019 and 2018 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, 2019 and 2018.

The Series B preferred shares are nonredeemable, convertible into common shares and are nonvoting. The shares have zero coupon rate 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, 2019 and 2018.

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, 2019, 2018, and 2017, there are 12,424, 12,432 and 12,499 holders of the listed shares, respectively. The shares were listed and closed at a price of P0.43, P0.49 and P0.65 per share as of December 31, 2019, 2018 and 2017, 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 2019 and 2018.

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, 2019 and 2018, 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 is 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 in the succeeding page.

	Financial Assets at FVOCI (see Note 8)	Retirement Benefit Obligation (see Note 23)	Total
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
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
Balance as of January 1, 2017	P 10,367,969	P 457,698,260	P 468,066,229
Remeasurement of retirement benefit obligation	-	46,828,461	46,828,461
Fait value gains on FVOCI	362,572,000	-	362,572,000
Other comprehensive income (loss) before tax	362,572,000	46,828,461	409,400,461
Tax income	-	(13,842,265)	(13,842,265)
Other comprehensive income (loss) after tax	362,572,000	32,986,196	395,558,196
Balance as of December 31, 2017	P 372,939,969	P 490,684,456	P 863,624,425

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 is 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:

	2019	2018	2017
Net profit attributable to parent Group's shareholders	**P 622,021,871**	P 534,218,365	P 569,029,689
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 0.042**	P 0.036	P 0.039

Diluted earnings per share equals the basic earnings per share since the Group does not have dilutive shares as of December 31, 2019, 2018 and 2017.

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:

	2019	2018	2017
Within one year	**P 85,683,312**	P 43,300,784	P 74,454,775
After one year but not more than five years	**182,411,386**	97,335,775	185,623,464
More than five years	**37,942,336**	47,718,733	87,042,341
	P 306,037,034	P 188,355,292	P 347,120,580

The total rentals from these operating leases amounts to about P154.5 million, P111.1 million, and P146.4 million in 2019, 2018 and 2017, respectively, in which are recognized as Rental Income account under Revenues and Income section in the consolidated statements of comprehensive income.

28.2 Operating Lease Commitments – Group as Lessee (2018)

In 2018 and prior years, the Group is a lessee under non-cancellable operating leases covering certain offices, showroom and parking slots. The leases have terms ranging from one to four years, with renewal options and include annual escalation rate of 5% to 10%. In 2019, the Group recognized a right-of-use asset and lease liability for leases that will mature over 12 months (see Notes 11 and 17.1).

The future minimum rental payable under these non-cancellable operating leases as of December 31 2018 and 2017 are presented below.

	2018	2017
Within one year	P 61,017,245	P 80,753,199
After one year but not more than five years	179,860,730	277,659,269
Balance at end of year	P 240,877,975	P 358,412,468

The total rentals from these operating leases which was charged to Rentals under Other Expenses account in the consolidated statements of comprehensive income amounted to P37.4 million, P156.0, and P228.4 million in 2019, 2018 and 2017, respectively (see Note 21.2). Rentals in 2019 pertain to expenses incurred for leases entered into by the Group with remaining lease term of less than 12 months.

28.3 Legal Claims

As of December 31, 2019 and 2018, the Group does not have any litigations within and outside the normal course of its business.

28.4 Credit Lines

The Group has existing credit lines with local banks for a maximum amount of P4,020.0 million as of December 31, 2019 and 2018. The Group has unused lines of credit amounting to P1,220.0 million and P720.0 million as of December 31, 2019 and 2018, respectively.

28.5 Capital Commitments

As of December 31, 2019 and 2018, the Group has commitments amounting to P1.5 billion and P2.1 billion, respectively, for the construction expenditures in relation to the Group's joint venture (see Note 9).

28.6 Others

There are other commitments and contingent liabilities that may arise in the normal course of operations of the Group which are 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 and in the succeeding pages.

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 result 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, 2019 and 2018. 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, 2019 and 2018, 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, an average volatility of 31.65% and 26.90% has been observed during 2019 and 2018, respectively. If quoted price for these securities increased or decreased by that percentage, the equity would have increased or decreased by P415.6 million in 2019 and P360.4 million in 2018.

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	**2019**	2018
Cash and cash equivalents	5	**P 1,145,332,574**	P 1,816,898,287
Trade and other receivables - net (excluding advances to suppliers and contractors and advances to condominium associations)	6	**5,996,733,160**	4,826,222,183
Contract assets	20.2	**1,951,878,579**	2,690,070,792
Advances to related parties	25.1	**4,122,109,792**	2,927,206,315
		P 13,216,054,105	P 12,260,397,577

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 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 payment 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 is presented below.

	Gross Maximum Exposure	Fair Value of Collaterals	Net Exposure	Financial Effect of Collaterals
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**
2018				
Contract assets	P 2,690,070,792	P 7,625,342,387	P -	P 2,690,070,792
Contract receivables	3,284,116,421	10,984,963,253	-	3,284,116,421
	P 5,974,187,213	P 18,610,305,640	P -	P 5,974,187,213

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 in 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:

	2019	2018
Not more than three months	**P 94,750,304**	P 91,737,267
More than three months but not more than six months	**161,439,766**	165,370,461
More than six months but Not more than one year	**186,364,489**	180,162,027
More than one year	**63,913,761**	59,687,465
	P 506,468,320	P 496,957,220

(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, 2019 and 2018, 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, 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**

This compares with the credit quality by class of financial assets as of December 31, 2018.

	Neither Past Due nor Specifically Impaired			Past Due or Individually Impaired	Total
	High Grade	Standard Grade	Substandard Grade		
Cash and cash equivalents	P 1,816,898,287	P -	P -	P -	P 1,816,898,287
Trade and other receivables	-	4,329,264,963	-	496,957,220	4,826,222,183
Contract assets	-	2,690,070,792		-	2,690,070,792
Advances to related parties	-	2,927,206,315	-	-	2,927,206,315
	P 1,816,898,287	P 9,946,542,070	P -	P 496,957,220	P 12,260,397,577

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 incorporate 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, 2019, 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 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	-
	P 8,039,636,629	**P 840,622,279**

As at December 31, 2018, 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 791,836,059	P 1,477,853,425
Trade and other payables	1,726,090,300	-
Advances from related parties	4,578,102,879	-
Other current liabilities	702,502,850	-
	P 7,798,532,088	P 1,477,853,425

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 below.

		2019		2018	
	Notes	Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
Financial assets					
Financial assets at amortized cost					
Cash and cash equivalents	5	P 1,145,332,574	P 1,145,332,574	P 1,816,898,287	P 1,816,898,287
Trade and other receivables - net	6	5,996,733,160	5,996,733,160	4,826,222,183	4,826,222,183
Contract assets	20.2(a)	1,951,878,579	1,951,878,579	2,690,070,792	2,690,070,792
Advances to related parties	25.1	4,122,109,792	4,122,109,792	2,927,206,315	2,927,206,315
		13,216,054,105	13,216,054,105	12,260,397,577	12,260,397,577
Financial assets at FVOCI	8	1,312,916,000	1,312,916,000	1,339,940,000	1,339,940,000
		P 14,528,970,105	P 14,528,970,105	P 13,600,337,577	P 13,600,337,577
Financial Liabilities at amortized cost					
Interest-bearing loans and borrowings	14	P 1,416,666,685	P 1,309,618,990	P 2,056,736,482	P 1,979,681,875
Trade and other payables	15	1,606,335,760	1,606,335,760	1,726,090,300	1,726,090,300
Lease liabilities	17.1	159,098,877	159,098,877	-	-
Advances from related parties	25.1	4,776,873,636	4,776,873,636	4,578,102,879	4,578,102,879
Other current liabilities	18	789,754,303	789,754,303	702,502,850	702,502,850
		P 8,748,729,261	P 8,641,681,566	P 9,063,432,511	P 8,986,377,904

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		Net amount presented in the consolidated statement of financial position	Related amounts not set-off in the consolidated statement of financial position		
	Financial assets	Financial liabilities set-off		Financial instruments	Collateral received	Net amount
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
December 31, 2018						
Advances to related parties	P 2,931,856,335	(P 4,650,020)	P 2,927,206,315	P -	P -	P 2,927,206,315

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		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**
December 31, 2018						
Interest-bearing loans and borrowings	P 2,056,736,482	P -	P 2,056,736,482	(P 14,667,275)	(P 59,292,576)	P 1,982,776,631
Advances from related parties	4,578,102,879	-	4,578,102,879	-	(344,139)	4,577,758,740
	P 6,634,839,361	P -	P 6,634,839,361	(P 14,667,275)	(P 59,636,715)	P 6,560,535,371

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 are shown below.

- 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, 2019 and 2018, 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, 2019 and 2018.

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, 2019 and 2018 approximate their fair value. Except for cash and cash equivalents which is 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 rely 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 in the succeeding page shows the Levels within the hierarchy of investment properties for which fair value is disclosed as of December 31, 2019 and 2018.

	Level 1	Level 2	Level 3	Total
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**

	Level 1		Level 2		Level 3		Total
December 31, 2018							
Land	P	-	P	-	P 40,320,000		P 40,320,000
Buildings and office/commercial units		-		-	2,540,513,838		2,540,513,838
	P	-	P	-	P 2,580,833,838		P 2,580,833,838

As at December 31, 2019 and 2018, 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 2019 and 2018.

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:

	2019	2018
Interest-bearing loans and borrowings	**P 1,416,666,685**	P 2,056,736,482
Total equity	**28,603,725,056**	27,695,089,807
Debt-to-equity ratio	**0.05 : 1.00**	0.07 : 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. RECONCILLATION 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 25.1)	Lease Liabilities (See Note 19)	Accrued Interest Payable (See Note 15)	Total
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:					
Repayment of loans and borrowings	(640,069,797)	(79,581,067)	(52,824,440)	(125,733,749)	(898,209,053)
Additional loans and borrowings	-	13,129,665	-	-	13,129,665
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**
Balance as at January 1, 2018	P 2,001,412,976	P 3,678,125,997	P -	P 474,479	P 5,680,013,452
Cash flows from financing activities:					
Additional loans and borrowings	800,000,000	965,658,750	-	-	1,765,658,750
Repayment of loans and borrowings	(744,676,494)	(82,991,682)	-	(108,738,077)	(936,406,253)
Non-cash financing activities:					
Elimination of PCMI advances	-	(239,146,146)	-	-	(239,146,146)
Additional advances due to consolidation of PCMI	-	8,172,960	-	-	8,172,960
Accrual of interest	-	248,283,000	-	114,726,554	363,009,554
Balance as of December 31, 2018	P 2,056,736,482	P 4,578,102,879	P -	P 6,462,956	P 6,641,302,317

In 2019, PCMI issued its subscribed shares to AGI for a total consideration of P930.0 million. There was no similar transaction in 2018.

34. OTHER INFORMATION REQUIRED BY THE SECURITIES AND EXCHANGE COMMISSION

Republic Act (RA) No. 11232, *An Act Providing for the Revised Corporation Code of the Philippines* (the Revised Corporation Code) took effect on March 8, 2019. The new provisions of the Revised Corporation Code or any amendments thereof have no significant impact to the Group's financial statements.

35. EVENT AFTER THE END OF THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Group and other businesses have been significantly exposed to the risks brought about by the outbreak of the new coronavirus disease, COVID-19. Governmental efforts being implemented to control the spread of the virus include travel bans, quarantines, social distancing and suspension of non-essential services. The management of the Group is carefully reviewing all rules, regulations, and orders and is responding accordingly.

Though the disruption is currently expected to be temporary, the Group anticipates that these will have an adverse impact on economic and market conditions and affect various segments of its business. Work stoppage on construction sites and slowdown on the supply chain may potentially lead to delays on the targeted completion and turnover of projects. Community quarantine also requires closure of educational institutions.

While management currently believes that it has adequate liquidity and business plans to continue to operate the business and mitigate the risks associated with COVID-19, the ultimate impact of the pandemic is highly uncertain and subject to change. The severity of these consequences will depend on certain developments, including the duration and spread of the outbreak, valuation of assets, and impact on the Group's customers, suppliers, and employees. Specifically, demand for the Group's real estate properties for sale is negatively affected due to reduced liquidity of potential customers and slowdown of construction progress. Collection of receivables may be affected due to possible negative impact to the finances of the customers. Leasing operations shall likewise be affected due to limited operating hours and tenants' liquidity. Revenue from tuition fees will decline due to uncertainty of the timing of school resumptions. Financial consequences of aforementioned impact are uncertain and cannot be predicted as of the date of the issuance of the Group's consolidated financial statements. Accordingly, management is not able to reliably estimate the impact of the outbreak on the Group's financial position and results of operation for future periods.

The Group would continue to conduct its business while placing paramount consideration on the health and welfare of its employees, customers, and other stakeholders. The Group has implemented measures to mitigate the transmission of COVID-19, such as by adjusting operating hours, making hand sanitizers available within its properties, increasing the frequency of disinfection of facilities, limiting face-to-face meetings, requiring temperature checks for employees and customers, and implementing health protocols for employees. The Group has also activated business continuity plans, both at the corporate level and business operations level, and conducted scenario planning and analysis to activate contingency plans.

The Group has determined that these events are non-adjusting subsequent events. Accordingly, their impact was not reflected in the Group's consolidated financial statements as of and for the year ended December 31, 2019.

P&A
Grant Thornton

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

T +63 2 988 2288

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, 2019, on which we have rendered our report dated April 6, 2020. 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. 8116553, January 2, 2020, Makati City
SEC Group A Accreditation
Partner - No. 107805-SEC (until Dec. 31, 2023)
Firm - No. 0002-FR-5 (until Mar. 26, 2021)
BIR AN 08-002511-037-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

April 6, 2020

P&A
Grant Thornton

An instinct for growth™

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 2 988 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, 2019 and 2018, on which we have rendered our report dated April 6, 2020. 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, 2019 and 2018 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. 8116553, January 2, 2020, Makati City
SEC Group A Accreditation
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Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

April 6, 2020

Empire East Land Holdings, Inc. and Subsidiaries
(A Subsidiary of Megaworld Corporation)
List of Supplementary Information
December 31, 2019

**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, 2019

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
AFS Financial Assets									
Alliance Global Group, Inc.	**112,600,000**	**1,312,916,000**						**1,312,916,000**	

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, 2019

Name and designation of debtor	Balance at Beginning of period	Additions/Transfer 2019	Deductions: Amounts collected	Deductions: Amounts written off	Ending Balance: Current	Ending Balance: Not current	Balance at end of period
Advances to Officers and Employees:							
Asuncion, Amiel Victor	157,144		(79,738)		77,406		77,406
Cacho, Evelyn	742,348		(177,551)		564,797		564,797
Edaño, Dennis	461,250	420,046			881,296		881,296
Garilao, Leilani	150,681		(80,137)		70,544		70,544
Gregorio, Ricardo	647,596		(143,413)		504,183		504,183
Jacobe, Joel Ramon A	240,437		(86,610)		153,827		153,827
Jacobe, Elmer Y.	940,000		(590,056)		349,944		349,944
Llaga, Jhoanna Lyndelou	460,747		(222,146)		238,601		238,601
Llena, Jose Arnel	17,345		(17,345)		-		-
Lopez, Mark Lawrence D.	409,710		(76,053)		333,657		333,657
Libago, Ricky S.	1,076,384		(201,902)		874,482		874,482
Madridejos, Arminius	594,515		(142,252)		452,263		452,263
Manansala, Kim Camille B.	229,206		(75,293)		153,913		153,913
Ramos, Franemil	44,461	769,674			814,135		814,135
Romero, Gemma O.	415,848		(75,674)		340,174		340,174
Sioson-Bumatay, Celeste Z.	1,347,251		(133,265)		1,213,986		1,213,986
	7,934,923	1,189,720	(2,101,435)	-	7,023,208	-	7,023,208

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, 2019

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.	232,521,325	233,435,175
Laguna Bel Air Science School, Inc.	29,896,796	11,687,889
Valle Verde Properties, Inc.	63,574,677	63,832,335
Sherman Oak Holdings Inc.	19,796,823	20,070,536
Sonoma Premier Land Inc.	22,017,224	22,030,437
20th Century Properties, Inc.	450,754	726,351
TOTAL	1,233,200,043	1,216,725,167

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
Schedule D - Intangible Assets - Other Assets
December 31, 2019

			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		(5,471,721)			49,245,492
	133,043,970	-	(5,471,721)	-	-	127,572,249

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
Schedule E - Long-Term Debt
December 31, 2019

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	1,416,666,685	733,333,352	683,333,333

Loans are payable up to 2022 and bears fixed interest of 5.6% for the first and second tranches and 7.6% for the 3rd tranche.

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
Schedule F - Indebtedness to Related Parties (Other than Affiliates)
December 31, 2019

Name of Related Party	Balance at Beginning of Year	Balance at End of Year
Megaworld Corporation	P 3,682,164,205	P 3,906,101,925
Gilmore Property Marketing Association	387,956,985	386,937,980
McKester Piknik International Ltd.	454,000,000	429,852,042
Others	53,981,689	53,981,689
	4,578,102,879	4,776,873,636

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
Schedule H - Capital Stock
December 31, 2019

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	Number of Shares Held by Related Parties	Number of Shares Held by Directors, Officers and Employees	Number of Shares Held by 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 corner 11th Avenue, Uptown Bonifacio, Taguig City

Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended December 31, 2019

Unappropriated Retained Earnings at Beginning of Year	P	5,813,586,898
Prior Years' Outstanding Reconciling Items, net of tax		
Deferred tax income	(	115,097,307)
Unappropriated Retained Earnings Available for Dividend Declaration at Beginning of Year, as Adjusted		5,698,489,591
Net Profit Realized during the Year		
Net profit per audited financial statements		529,345,323
Non-actual/unrealized income, net of tax		
Deferred tax income	(	1,636,545)
Retained Earnings Restricted for Treasury Shares	(	102,106,658)
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year	**P**	**6,124,091,711**

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
Summary of Application of SRO Proceeds
December 31, 2019

	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, 2019		-

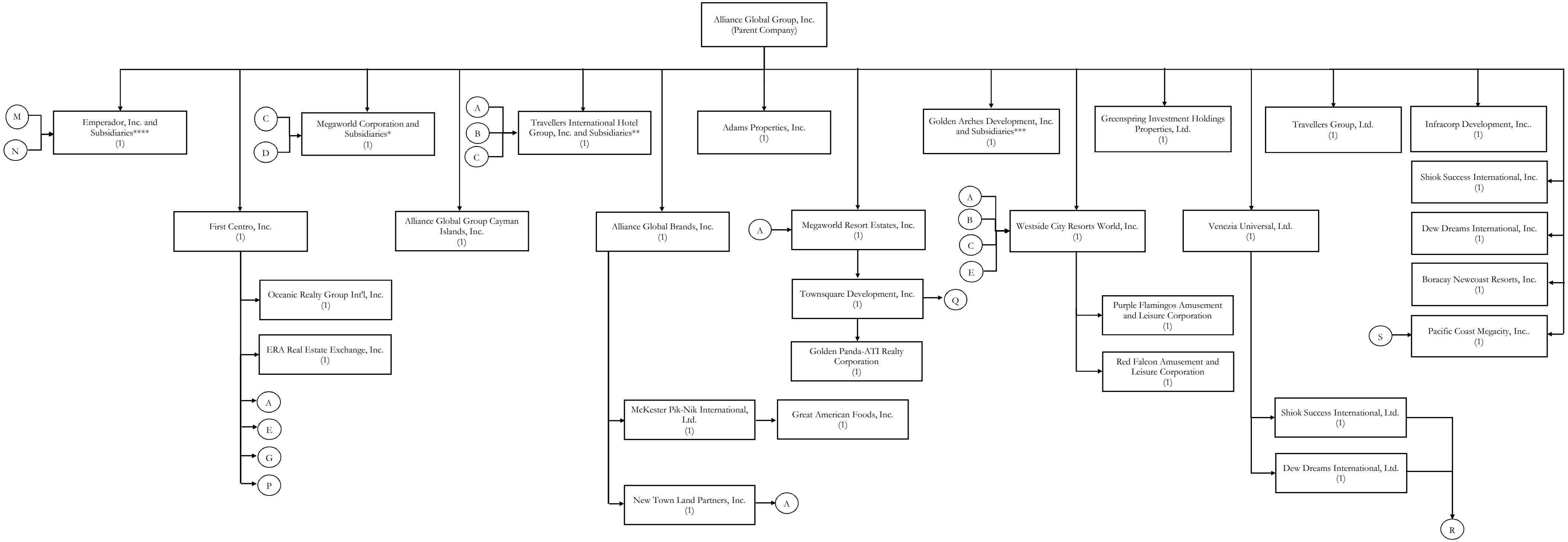
Supplementary information on the Summary of Application of SRO Proceeds –

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. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
Supplemental Schedule of Financial Soundness Indicators
December 31, 2019 and 2018

Ratio	Formula	2019	Formula	2018
Current ratio	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	Total Current Assets divided by Total Current Liabilities Total Current Assets 37,127,677,727 Divide by: Total Current Liabilities 11,110,560,288 Current ratio 3.34	3.34
Acid test ratio	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	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities Total Current Assets 37,127,677,727 Less: Inventories (24,821,241,317) Other Current Assets (4,946,506,354) Quick Assets 7,359,930,056 Divide by: Total Current Liabilities 11,110,560,288 Acid test ratio 0.66	0.66
Solvency ratio	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	Total Liabilities divided by Total Assets Total Liabilities 14,905,101,929 Divide by: Total Assets 42,600,191,736 Solvency ratio 0.35	0.35
Debt-to-equity ratio	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	Total Liabilities divided by Total Equity Total Liabilities 14,905,101,929 Divide by: Total Equity 27,695,089,807 Debt-to-equity ratio 0.54	0.54
Assets-to-equity ratio	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	Total Assets divided by Total Equity Total Assets 42,600,191,736 Divide by: Total Equity 27,695,089,807 Assets-to-equity ratio 1.54	1.54
Interest rate coverage ratio	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	Earnings before interest and taxes (EBIT) divided by Interest expense EBIT 1,017,738,443 Divide by: Interest expense 365,952,383 Interest rate coverage ratio 2.78	2.78
Return on equity	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	Net Profit divided by Average Total Equity Net Profit 535,156,520 Divide by: Average Total Equity 26,765,841,542 Return on equity 0.02	0.02
Return on assets	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 divided by Average Total Assets Net Profit 535,156,520 Divide by: Average Total Assets 40,916,133,691 Return on assets 0.01	0.01
Net profit margin	Net Profit divided by Total Revenue Net Profit 615,563,311 Divide by: Total Revenue 5,217,853,479 Net profit margin 0.12	0.12	Net Profit divided by Total Revenue Net Profit 535,156,520 Divide by: Total Revenue 4,443,069,111 Net profit margin 0.12	0.12

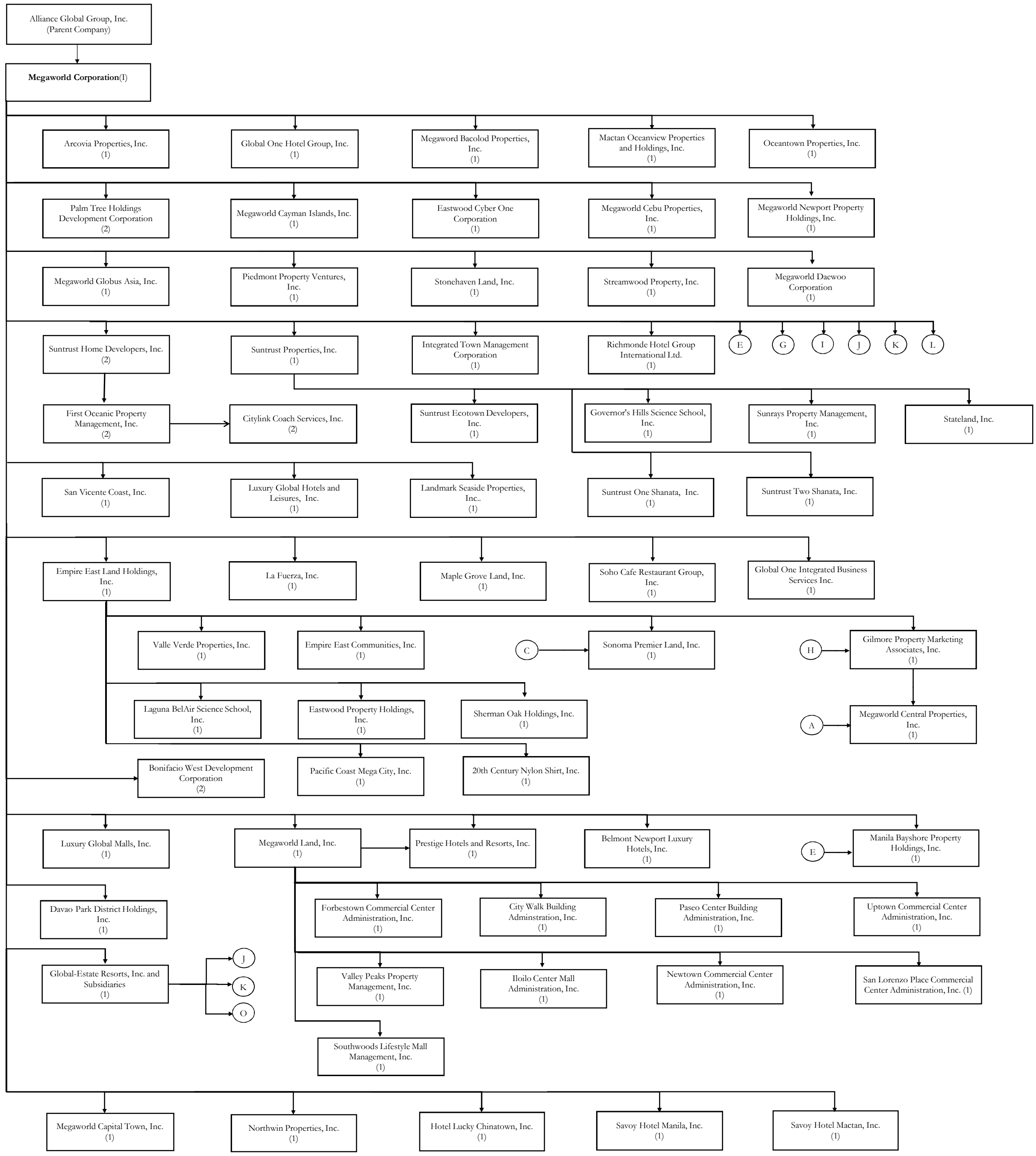
EMPIRE EAST LAND HOLDINGS, INC.
Map Showing the Relationship Between Alliance Global Group, Inc.
and its Related Parties
December 31, 2019



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.		

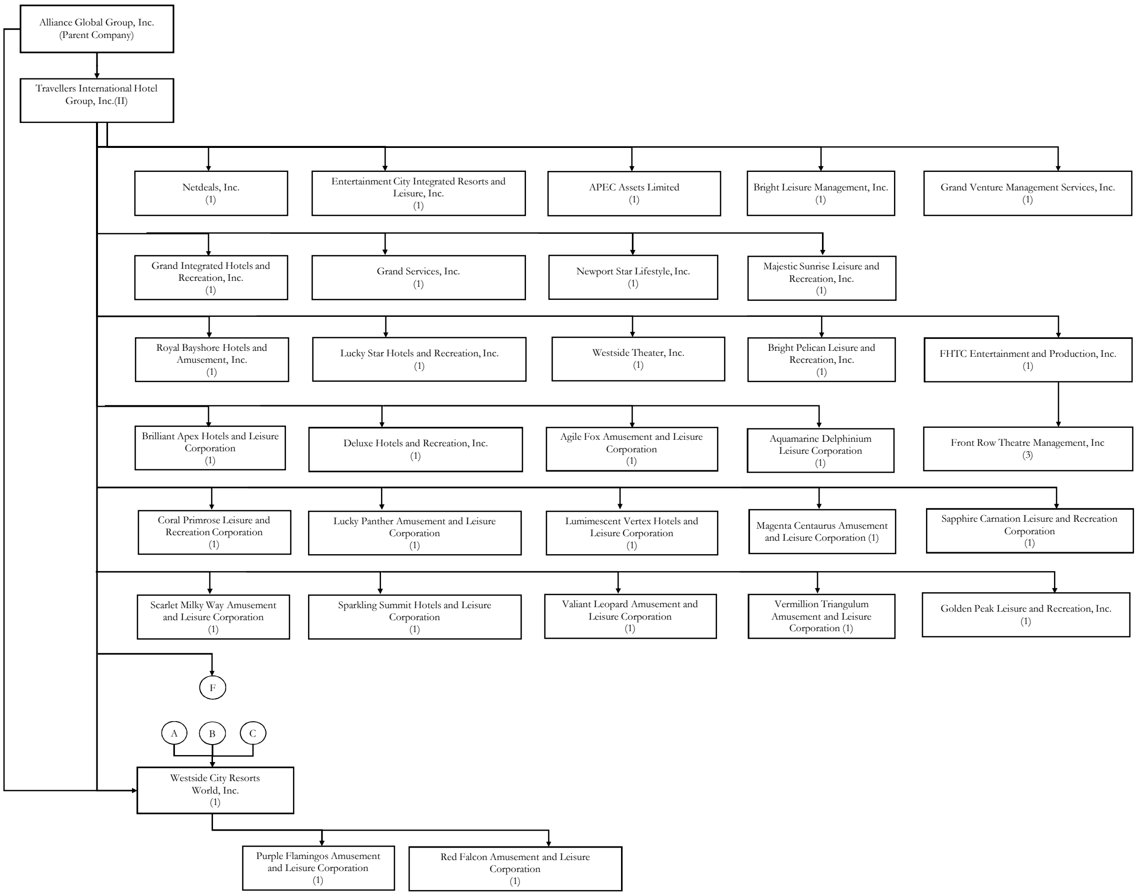
EMPIRE EAST LAND HOLDINGS, INC.
Map Showing the Relationship Between Alliance Global Group, Inc.
and its Related Parties
December 31, 2019



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.

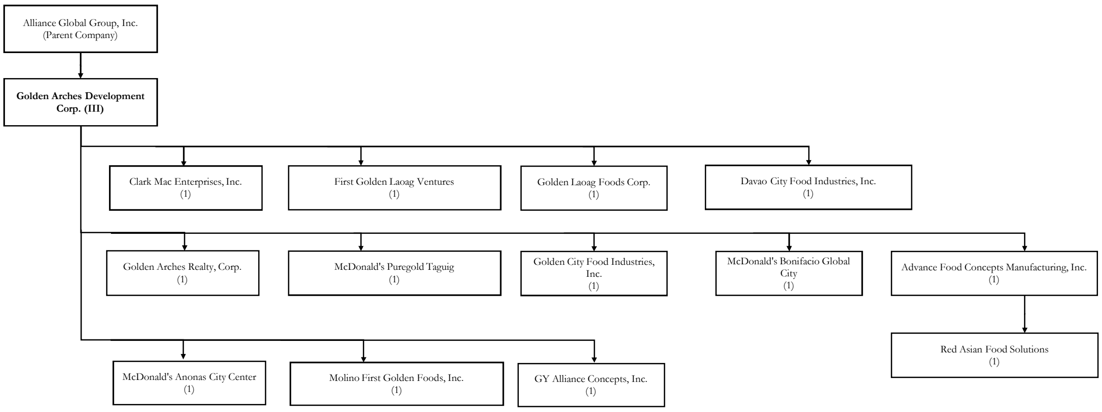
EMPIRE EAST LAND HOLDINGS, INC.
Map Showing the Relationship Between Alliance Global Group, Inc.
and Travellers Group
December 31, 2019



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.

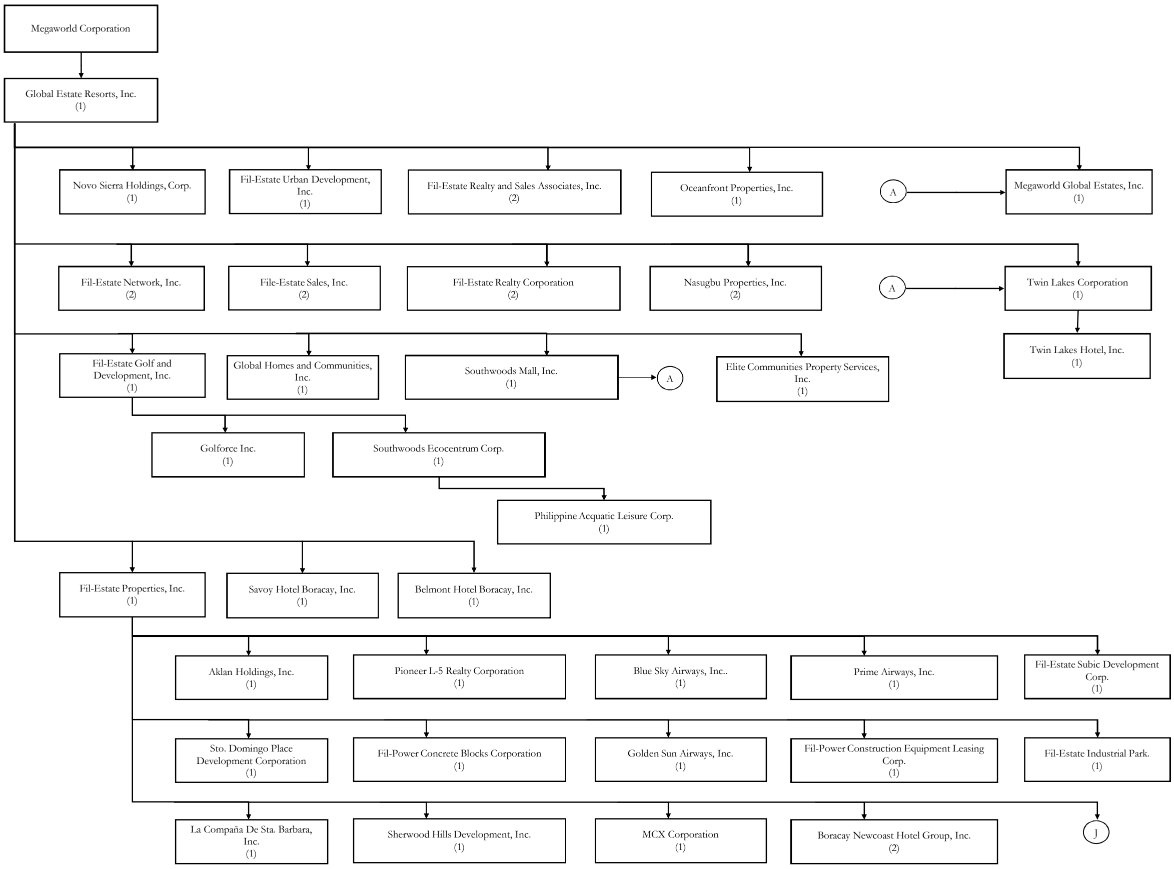
EMPIRE EAST LAND HOLDINGS, INC.
Map Showing the Relationship Between Alliance Global Group, Inc.
and Golden Arches Development Corporation Group
December 31, 2019



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, 2019

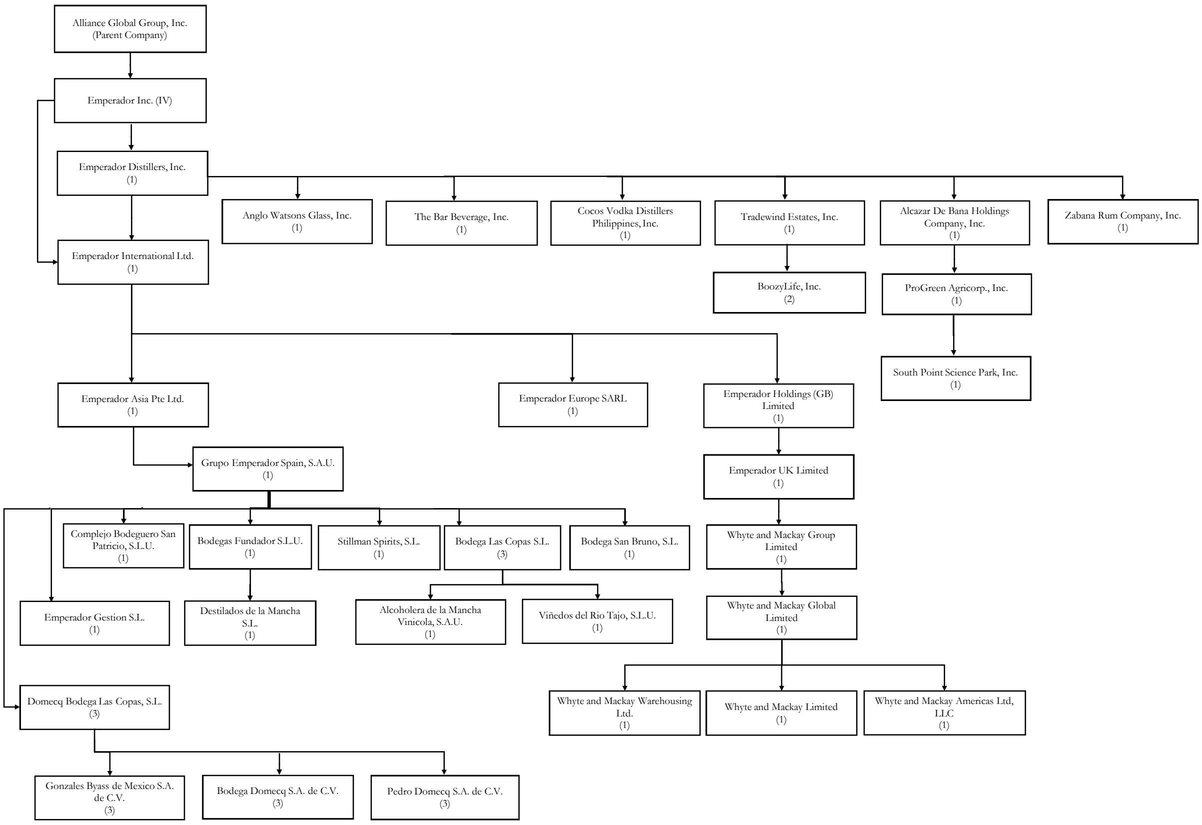


Legend

(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, 2019



Legend
Relationship with Emperador Inc.
(1) Subsidiary (100%)
(2) Subsidiary (51%)
(3) Subsidiary (50%)
(4) Jointly Controlled Entity

Empire East

Empire East Land Holdings Inc.

ESG REPORT

Financial Year 2019

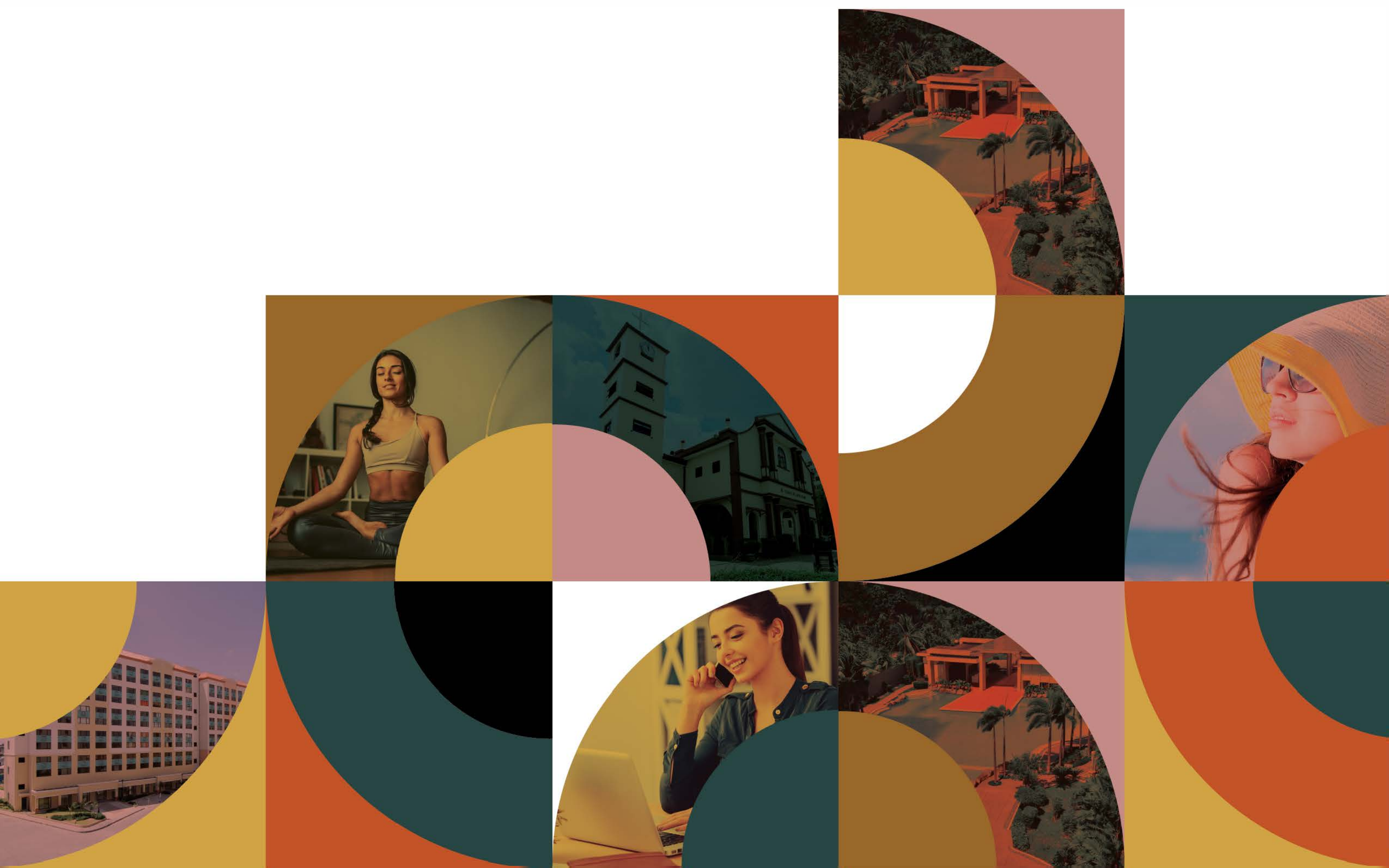


Table of Contents

About Empire East

Empire East Land Holdings, Inc. (the Company) and its subsidiaries (collectively Empire East or the Group) is operating in the real estate sector. Prior to incorporation, Empire East was the Community Housing Division of Megaworld. This division was responsible for the development of mass housing projects (condominium communities or house and lot packages), sale of residential lots, and sale/lease of commercial and industrial space. In 1994, Empire East branched out as an independent company, registered with the Philippine Securities and Exchange Commission and listed on the Philippine Stock Exchange. Empire East specializes in transport-oriented development and marketing 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 need to be disposed of responsibly.

The real estate sector is subjected to stringent government rules and regulations, exposing it to several 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.

Introduction

Empire East engaged Trucost, part of S&P Global, as a consultant to review its reporting of environmental, social and governance (ESG) impacts for the financial year of 2019 (FY2019), which comprised January 2019-December 2019. 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.

Proactively identifying key materiality issues provides Empire East with the opportunity to increase its value, both in business and financial terms. Focusing on these material ESG issues can allow the Group to impact its growth in terms of profit and customers positively. Through the ESG report, Empire East can communicate the company'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. (LBASS) is a subsidiary of Empire East Land Holdings, Inc. with 73% ownership; disclosed total number of employees and environmental indicators computation were prorated to the ownership interest of the Company. 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.

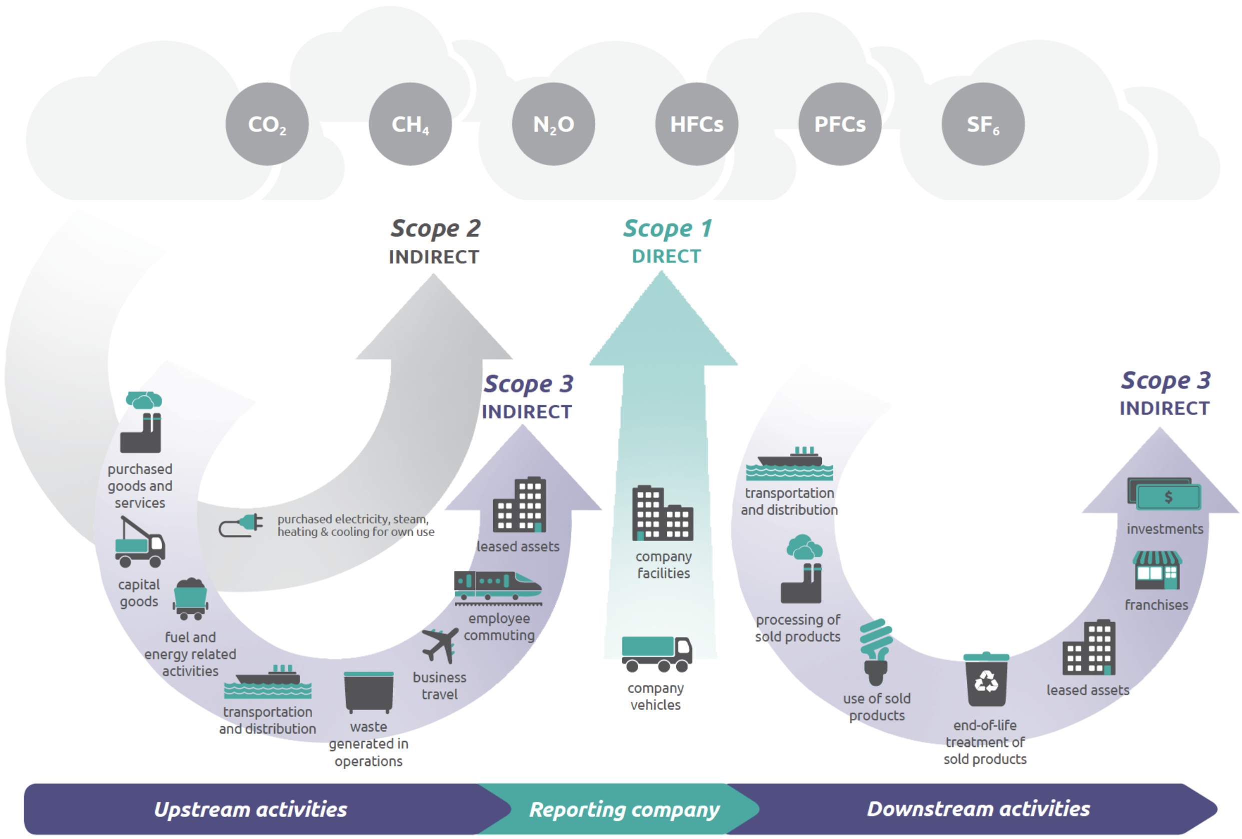
Environmental indicators covered include:

- GHG emissions, scope 1, 2 and select scope 3 (see exhibit 1 below)
- Electricity use
- Material 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

Governance indicators covered include:
- Direct economic value generated and distributed
- Climate-related risks and opportunities
- Stakeholder management
- Procurement practices
- Business ethics
- Data privacy and security
- Electronic waste

Board Statement

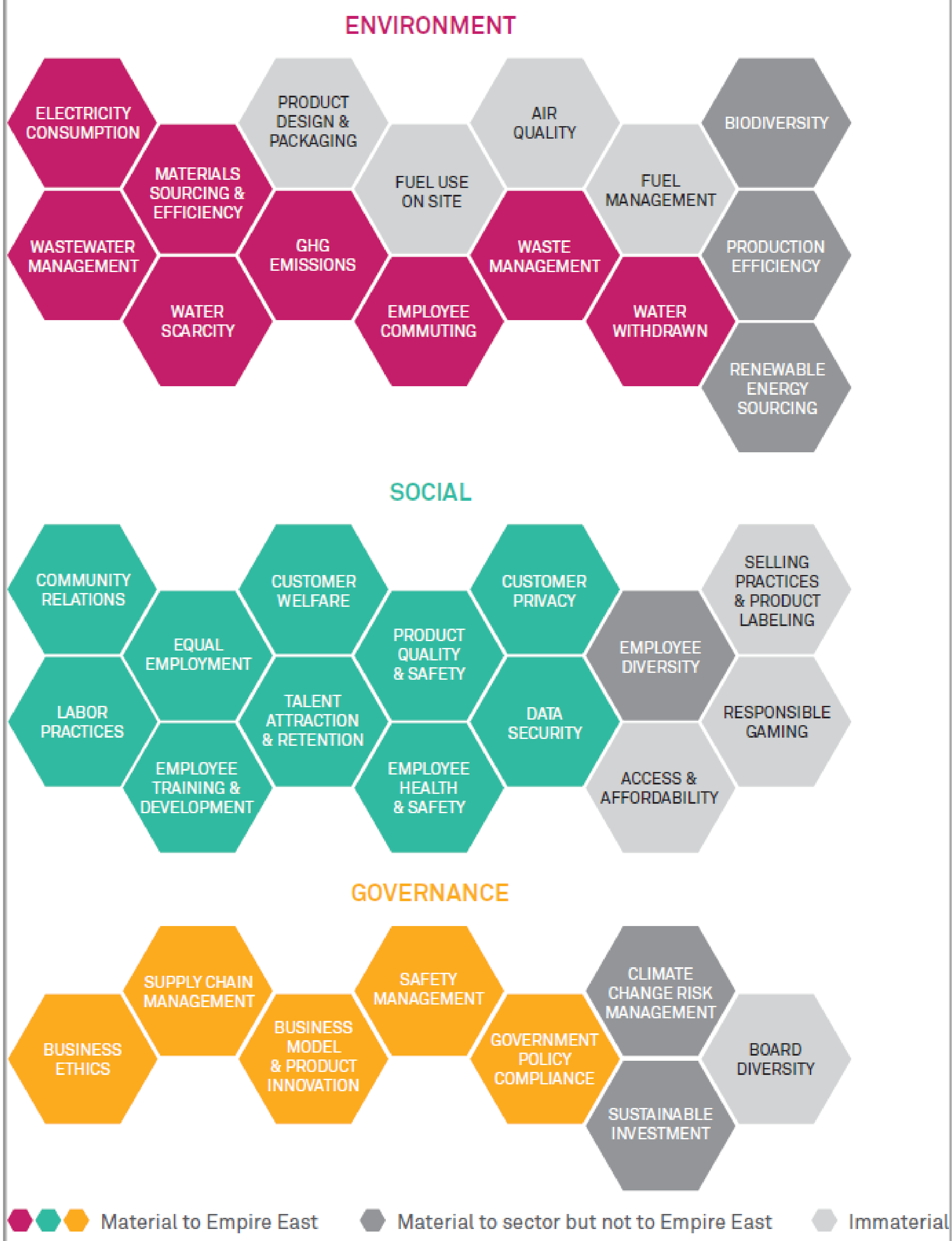
The board of directors of the Company (the "Board" or the "Directors") are committed to maintaining a high standard of corporate governance and transparency within the Group and adopt sustainability reporting practices based on the Securities Exchange Commission's Sustainability Reporting Guidelines for Publicly-Listed Companies ("Guidelines"). The Board has adopted the Guidelines where appropriate so as 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 Company recognizes the importance of good governance for continued growth and investors' confidence. In line with the commitment by the Company to maintaining high standards of corporate governance, the Company 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 2019 ("FY2019"), the Company 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

EXHIBIT 1: MATERIAL ESG ISSUES FOR EMPIRE EAST



Source: Trucost analysis with input from SASB materiality review.

Empire East considered sector-level materiality to identify all issues relevant to companies operating in the associated sectors. These themes were identified using SASB, an investor trend review and a wider literature review. Sector-level materiality was identified and refined based on specific practices of the company. Many of these issues are not applicable to Empire East due to its specific operations. Exhibit 1 highlights the material ESG issues identified for Empire East. Sector level issues that are not relevant to Empire East, but were considered, are represented with dark grey shading, while issues that are immaterial for the sector and operations are colored light grey.

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 company's operating sector and geographies and financial materiality[1]. 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; Empire East has considered prioritizing 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; the Group will continue 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.

Environmental Impact

Operational Greenhouse Gas Emissions

In February 2020, Alliance Global Group Inc. (AGI) hosted a group-wide sustainability summit "SustainAGIlity", where the CEO made clear the conglomerate's intent to contribute to the UN SDGs. Among the various initiatives discussed, AGI has pledged to achieve carbon neutrality by the end of the decade-- 2030. As part of the AGI group, Empire East has also committed to participate in the conglomerate's efforts towards a sustainable future.

One of the biggest impacts to Greenhouse Gas (GHG) emissions identified by the company during its sustainability review is from its consumption of electricity; the emissions are primarily from the generation of the electricity used. In order to mitigate this, the company has already conducted various energy saving initiatives in its various offices. These include installation of motion sensing lights, maintaining air conditioning at an optimal setting, switching lighting fixtures to LED, and several others. The company has also shifted to using electricity from the grid instead of relying on generator sets for the construction of its projects. This was done as part of the company's efforts to reduce carbon emissions generated from the use of fuel. Furthermore, electric-driven concrete vibrators have been used in favor of diesel-powered ones in order to reduce fuel consumption and emissions.

Currently, the data gathered for the fiscal year covers operations directly controlled by the company; data on the emissions generated by contractors and suppliers employed by the company was unavailable. As these indirect operations were deemed to be significant sources of GHG emissions, construction activities in particular, the company hopes to evaluate its current practices and implement measures and systems that would allow it to better track emissions generated from such sources. And in order to further reduce its carbon footprint, the company will continue to leverage sustainable architectural designs for its residential developments.

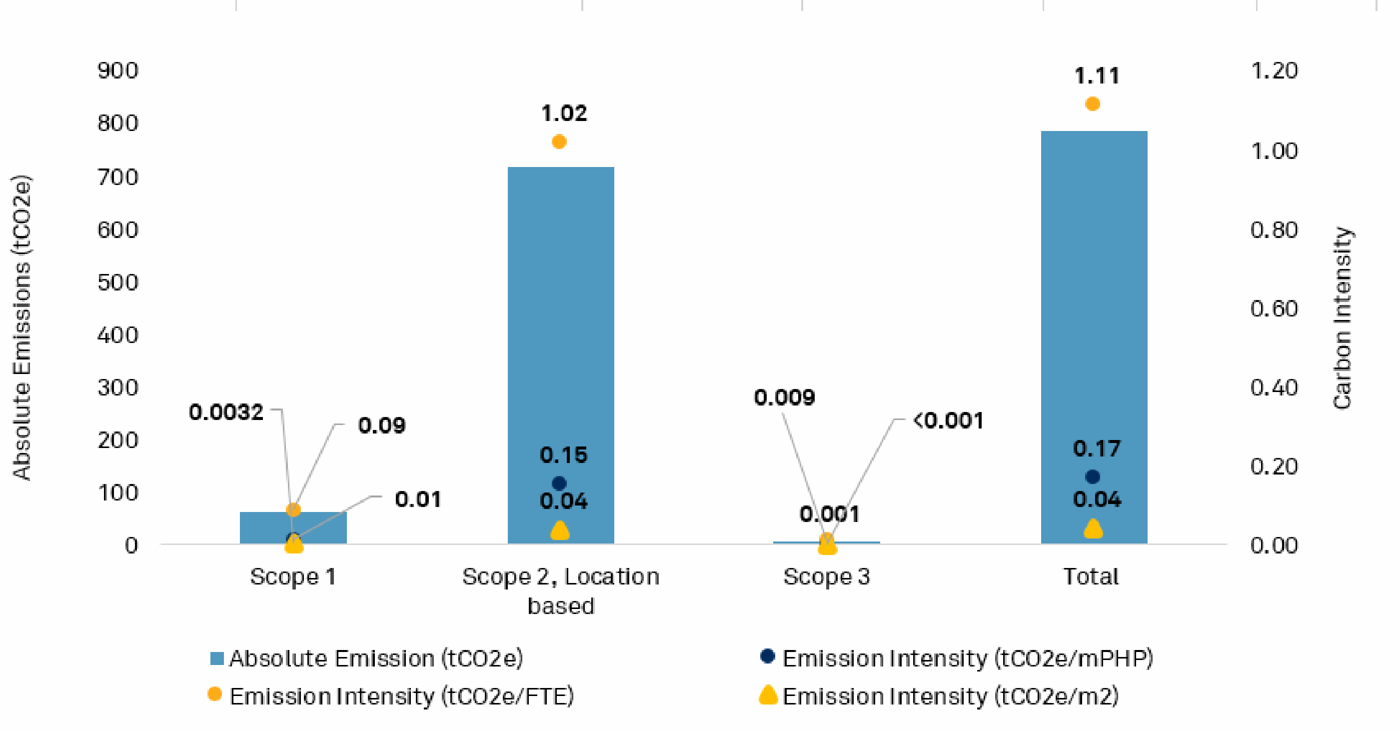
Exhibit 3 below relates the key findings for environmental impacts. These impacts are described in absolute terms, or their total volume, as well as in intensity terms by m^2 of Empire East floor area (19,043 m^2), by employee (702 employees) and by revenue (5,218mPHP).

EXHIBIT 3: COMBINED DIRECT AND INDIRECT OPERATIONAL GREENHOUSE GAS EMISSIONS, FY2019

Scope	**Absolute Emissions**	**Carbon Intensity**		
		tCO2e per m^2 of floor area	**tCO2e per employee**	**tCO2e per million PHP revenue**
Scope 1	60.77	0.003	0.09	0.012
Scope 2 (Location-Based)	716.75	0.04	1.02	0.14
Scope 3	6.53	0.0003	0.009	0.001
Total Emissions	784.05	0.04	1.11	0.15

Scope	**Category**	**Emissions (tCO2e)**
Scope 1	Mobile Emissions	60.77
Scope 2	Electricity: Location-based	716.75
Scope 3	Category 5: Waste generated in operations	6.35
Scope 3	Category 6: Business travel	0.18
Total Emissions		**784.05**

EXHIBIT 4: GHG EMISSIONS ABSOLUTE VALUES AND INTENSITY VALUES, FY2019



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 FY2019 was 60.77 tCO2e, and the intensities of GHG emissions normalized by square meter of floor area, employees and revenue were 0.003 tCO2e/m^2, 0.09 tCO2e/employee and 0.01 tCO2e/PHP million, respectively.

Indirect (Scope 2) GHG Emissions

A second component of GHG emissions related to organizational operations are indirect scope 2 emissions primarily from the consumption of purchased electricity. Empire East's scope 2 emissions during FY2019 was 716.75 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 0.04 tCO2e/m^2, 1.02 tCO2e/employee and 0.15 tCO2e/PHP million, respectively.

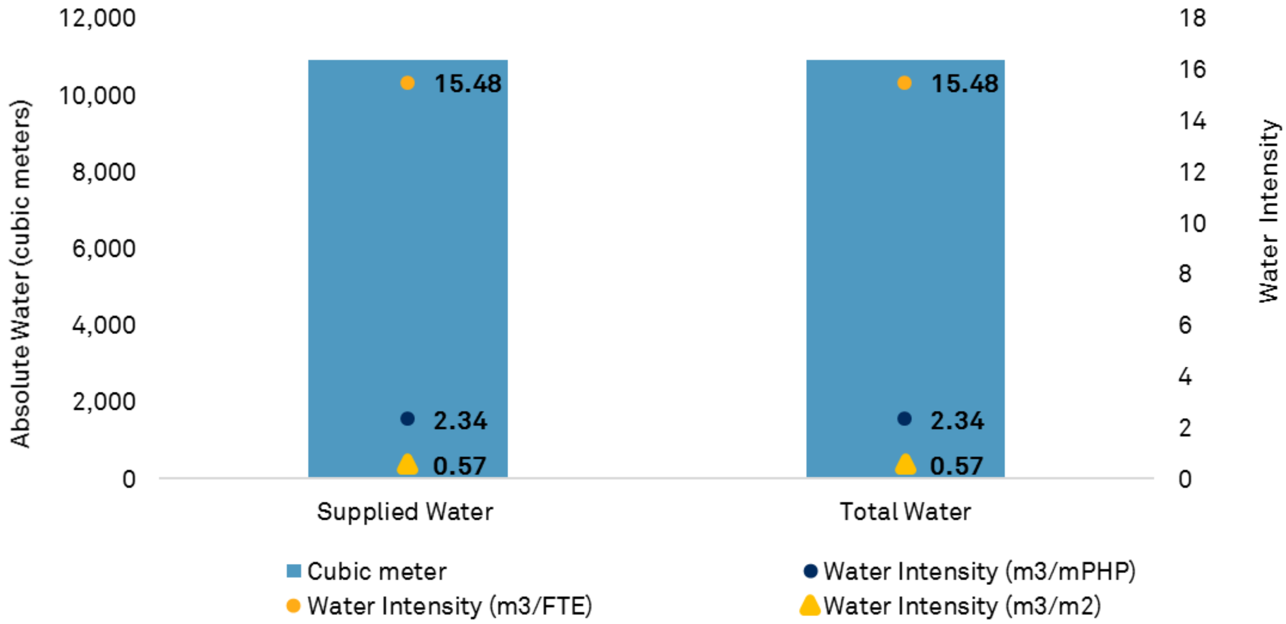
Indirect (Scope 3) GHG Emissions

A final component of GHG emissions related to organizational operations are indirect scope 3 emissions. Empire East's scope 3 emissions during FY2019 was estimated for category 5, waste generated in operations and category 6, business travel. The intensities of GHG emissions normalized by square meter floor area, employees and revenue were 0.0003 tCO2e/m^2, 0.009 tCO2e/employee and 0.001 tCO2e/PHP million.

Water Use

Water consumed by Empire East is supplied from local utilities, as such it has no material impact to the groundwater supply in any of its operational sites. In FY2019, absolute water use from supplied water from local utilities was 10,900 cubic meters (m^3). Water use intensity normalized by square meter of floor area, employee and revenue were 0.57 m^3/m^2, 15.52 m^3/employee and 2.09 m^3/PHP million respectively. The company is currently unable to track the amount of water used by its contractors during the construction of its residential developments. However, the company commits to improve its monitoring measures to track water consumption and sourcing of its contractors. To help reduce water usage in the construction of projects, concrete admixtures are currently being used to reduce the amount of water required. Various other water saving measures are also regularly being evaluated.

EXHIBIT 5: WATER USE, FY2019



Material Usage

The most significant impact Empire East has on material usage is in the construction of its real estate projects, especially in residential condominium buildings. Two building materials have been identified as the most significant: cement and steel (rebars). These materials are not only non-renewable but require substantial energy and resources in its extraction and processing, further contributing to the company's carbon footprint. Monitoring systems are being put into place to better monitor the usage of these materials.

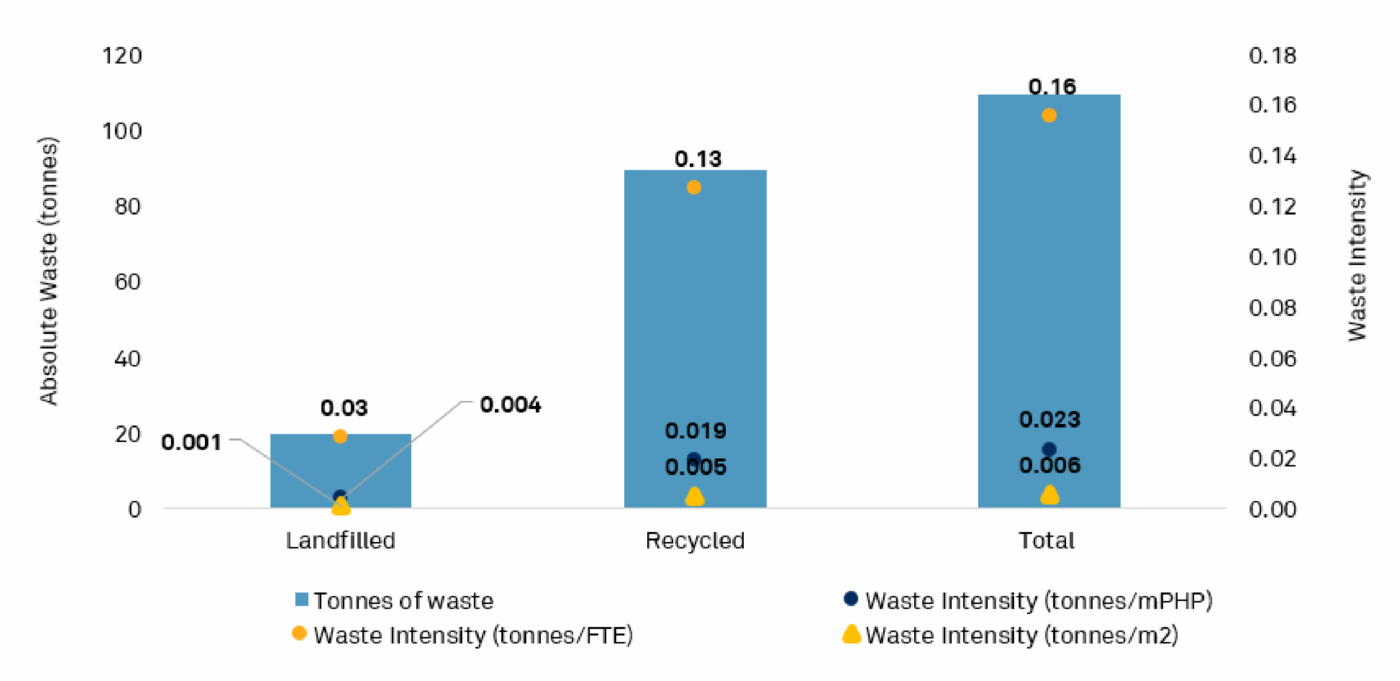
The Company will continue to work with its building contractors in improving practices and designs to further reduce consumption and wastage. Moreover, with the progress and innovations in material science, the company sees great opportunities in alternative eco-friendly building materials. For instance, the company utilizes phenolic boards instead of conventional plywood materials for the formwork requirements during construction. Phenolic boards can be re-used several more times compared to plywood, thus lessening the consumption of wood products.

Empire East has also begun moving towards the digitization of internal documents and processes. With the implementation of SAP and various in-house applications, the Group has already reduced paper usage in its offices. The company hopes to continue improving upon these initiatives and eventually transition to being paperless.

Waste Generation and Recycling

Absolute non-hazardous waste generated in FY2019 was 109.4 tonnes. 82% of non-hazardous waste was recycled with the remaining 18% 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 is 0.01 tonnes/m^2, 0.16 tonnes/employee, and 0.02 tonnes/PHP million, respectively.

EXHIBIT 6: LANDFILLED AND RECYCLED WASTE, FY2019



Environmental Standards

Empire East has facility-level sustainability standards for its head office located in the Alliance Global tower in Philippines, which is LEED-certified (LEED BD+C: Core and Shellv3-LEED 2009). The Group ensures that all its real estate developments are in compliance to national and local environmental codes and regulation.

Social Impact

Workforce Diversity

Overall, the company has 53% male and 47% female representation. The largest age group of all staff in the company is between the ages of less than 30 (57%), followed by 30-50 (37%), then over 50 (6%).

EXHIBIT 7: GROUP DIVERSITY AND EMPLOYEE REPRESENTATION, FY2019

Disclosure		**Number of Staff**		
		Executive	Non-executive	Total
Gender	Male	10	365	375
	Female	7	320	327
Age group	Under 30	1	402	403
	30-50	8	251	259
	Over 50	7	32	40

Empire East's hiring and promotion philosophy is based on merit and the quality of the individual's performance. Its recruitment is based on the necessary skills and competencies of an individual and his alignment towards the job required. Careful vetting is done to ensure proper job fit and skill competencies are also tested when necessary. As for promotion, there exists a governing body consisting of executives of equal male and female distribution, that confirms the promotion recommendations of our employees based on their performance over a fixed period of time. The company does not discriminate on the basis of gender, age or other circumstances. In 2020 we hope to track other diversity factors such as number of employees belonging to vulnerable sectors ie. indigenous peoples, the poor (class D & E), single parents.

Attrition Rate

EXHIBIT 8: WORKFORCE EMPLOYEE ATTRITION RATE, FY2019

Disclosure	**Quantity**	**Units**
Attrition Rate*	10.5%	%

*Attrition rate computed as # of resignations within 2019 divided by total manpower in 2019

Attrition rates can become a useful source of data on the performance of the company to its employees. Digging deeper into the reasons for resignation of our employees can give us feedback on where we can improve as a company and what factors such as training or benefits would need further study and adjustment. As of now, all resigning employees must undergo exit interviews that serve to provide management with proper feedback. The company hopes to review the exit process in order to collect more data that can provide better insight for immediate action.

Employee Salary and Benefits

EXHIBIT 9: RATIO OF LOWEST PAID EMPLOYEE AGAINST MINIMUM WAGE, FY2019

Disclosure	**Quantity**	**Units**
Ratio of lowest paid employee against minimum wage	1.1:1	Ratio

EXHIBIT 10: PERCENTAGE OF EMPLOYEE BENEFIT AVAILMENTS, FY2019

Disclosure			
Benefit	**Y/N**	**% of Female Employees who availed for the year**	**% of Male Employees who availed for the year**
SSS	Y	15.92%	9.22%
Philhealth	Y	5.59%	3.55%
Pag-Ibig	Y	8.66%	8.51%
Parental Leaves (aside from SSS)	Y	0.28%	4.96%
Vacation Leaves	Y	77.37%	87.59%
Sick Leaves**	Y	59.22%	55.32%
Medical Benefits (aside from Philhealth)	Y	114.80%	9.22%
Housing assistance (aside from Pag-ibig)	Y	5.31%	4.61%
Retirement Fund (aside from SSS)	Y	0	0
Further educational support***	Y	1.12%	0.35%
Company stock options	N	--	--
Telecommuting	N	--	--
Flexible working hours*	Y	100%	100%
Bereavement Leave	Y	1.12%	4.96%

**Empire East has a three shift policy in place wherein employees can choose their time shift.*
***Unclaimed sick leaves are convertible to cash*
****Educational support is currently in the form of a compressed working schedule*
*****100% of our employees are covered by mandatory benefits as defined by law*

Empire East is fully compliant to mandatory benefits as defined by law. Additional benefits given are based on industry standards to provide our employees not only with the proper care necessary, but also for the company to be a competitive employer for the years to come. We offer discounts to our products in order to assist in the housing of our employees as well as provide them with choices for their working schedules in recognition of transportation difficulties within Metro Manila. In the coming years, the Group hopes to perform usage rate studies for our benefits as well as study trends in benefits in order to provide employees with more options and tailor-fit our packages to the person.

Empire East is also fully compliant with minimum wage standards and the lowest paid employee is paid higher than minimum wage.

Workplace Safety

In FY2019, the company had no incidents involving deaths or diseases. However, there were seven serious injuries involving permanent and contract employees. The recordable incident rate (TRIR) for permanent employees was 2.39 and for contractual employees was 1.79. The incidents recorded were all near misses with only two of those being injuries related to nature of work. The identified work-related cases were subject to investigation by our HR group in accordance with the current policy in place whenever such incidents would occur. All employees were given medical assistance and were in coordination with our HR group throughout. Empire East is also in full compliance of labor laws and health and safety regulations in regards to its construction work. It would further study and record employees who suffer from pre-existing conditions to further collect data on specific health and safety precautions to be undertaken.

EXHIBIT 11: WORKPLACE SAFETY, FY2019

Disclosure	
Number of fatal incidents causing deaths	0
Number of diseases	0
Number of serious injuries	7
Total recordable incident rate (TRIR) Permanent Employees	2.39
Total recordable incident rate (TRIR) Contractual Employees	1.79

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 2019, the Company dedicated 8,325 hours on training employees. Training primarily comprised 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.

Empire East recognizes that constant upskilling is necessary for the growth of the company as well as for the growth of each individual employee. The company aims to establish further training standards in 2020 such as increase the hours given as well as further distribute the training courses across departments and functions to expand knowledge and to provide equal opportunities for the employee. In 2020, it will be conducting further training needs analysis in crucial areas of operations in order to provide relevant and quality training programs. The company will also look to expand trainings beyond the traditional classroom set up and study the possibility of e-learning courses for employees to undergo so that the employee can be given higher levels of control on their development

Additionally, performance reviews are scheduled bi-annually to support in 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 12: EMPLOYEE TRAINING AND DEVELOPMENT, FY2019

Disclosure	
Number of hours of training completed	8,325
Total expenditure on employee training programs (PHP)	58,716
Employee Development	
Percentage of employees receiving regular performance and career development reviews	100%

Labor Relations

EXHIBIT 13: LABOR RELATIONS, FY2019

Disclosure	Quantity	Unit
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	0	#

Empire East recognizes the crucial role of having good labor-management relations. This provides us with experiential data from our employees themselves for management to be able to adjust accordingly to the needs of our people in order to improve the environment, performance, and the culture of the company. In this regard, all supervisors, managers, and executives are expected to practice an open-door policy in regard to feedback from our employees. Employees are encouraged to voice out their concerns and opinions even to the CEO of the company, whose contact details are available to all employees regardless of age and tenure. The CEO meets with all newly hired employees to personally give his contact details and encourage employees to reach out whenever necessary. These concerns are considered and acted upon with utmost urgency by formal and ad hoc groups. Numerous policy changes have already been implemented using this method with concerns ranging from working hours, overtime, additional facilities, etc. The company hopes to establish and implement wider consultation efforts and feedback mechanisms to increase engagement further.

Corporate Social Responsibility (CSR) Initiatives

In line with Empire East's 25th anniversary, all departments were to create various CSR projects, with the target of accomplishing twenty-five CSR activities in the year. As of December 2019, the company and its employees have conducted thirty-seven CSR activities for the year 2019.

Empire East's approach to CSR is that it should be voluntary. Employees of the company initiated all activities to aid in their respective communities. These activities cover a number of vulnerable sectors such as children, the elderly, indigenous peoples, the homeless, etc., across the Philippines. These efforts can be divided into five different campaigns:

"HEALth" hopes to aid the public health sector of the Philippines as the company believes that healthy citizens are the building block for a productive nation. These pocket CSRs tackled health and nutrition with partnerships from different organizations such as the Philippine Red Cross. Employees donated blood and provided nutritious meals to children and elderly from Tondo, Manila.

"Project SAVE" tackled two vulnerable sectors, the youth and the elderly. These programs extend help to generations of Filipinos, hoping to provide them with basic needs. There were a total of ten pocket CSRs within this program where employees partnered with schools, homes for the aged, orphanages and others, in not only sharing food and clothing, but also sharing their time and enjoyment by interacting with them.

Our "EXCELerate" program tackles literacy and education in the Philippines. The company partnered with public schools across the country in preparation for the 2019 school year. The company believes that education is a vital role in nation building and in the pursuit of excellence. These projects hope to give students the necessary school supplies and partner schools with the facilities they need to improve our country's education.

Lastly, in "SUSTAINable", our environmental stewardship program, the company recognizes our part in conserving our one planet. In collaborating with NGOs, the company has been able to come up with several environmental preservation and "green" projects in pursuit of achieving more sustainable communities. Efforts such as Tree and Mangrove planting activities were accomplished in order to aid in the environmental resiliency of local communities.

In 2020, the company would like to expand their efforts by the creation of *Empire East Cares*, the official CSR arm of Empire East with specific initiatives targeting sectors that the company deems most in need.

EXHIBIT 14: CSR INITIATIVES, FY2019

Disclosure	
CSR Initiatives	
Amount of donations (PHP)	7,533,890
Volunteer hours	7,386

Labor Laws and Human Rights

EXHIBIT 15: NUMBER VIOLATIONS OF LABOR LAWS AND HUMAN RIGHTS, FY2019

Disclosure	Quantity	Unit
No. of legal actions or employee grievances involving forced labor or child labor	0	#

EXHIBIT 16: POLICY ON VIOLATIONS OF LABOR LAWS AND HUMAN RIGHTS, FY2019

Disclosure	Y/N	If Yes, cite in reference in the company policy
Child Labor	Y	In hiring, policy dictates that employees provide proper identification detailing accurate date of birth. This is strictly enforced by our recruitment team.
Forced Labor	N	
Human Rights	Y	Listed in our Employee code of discipline, violations such as provoking quarrel, acts of intimidation and harassments among others are classified as very serious offenses that can be grounds for suspension and termination.

Empire East recognizes that upholding all labor laws are fundamental in doing good business. The Group aims to provide our employees with a safe and productive work environment as supplemented by employee handbooks which detail the list of violations, both minor and major, can be found in relation to human rights. These policies are implemented strictly by our Human Resources unit. The company’s recruitment process also ensures that no incidence of child labor occurs. In 2020, the company commits to having our Human Resources unit perform further studies and find any gaps that can be supplemented. They will also be studying the implementation of these policies and the corresponding sanctions to assure fairness and just actions are being done.

Relationship with Community

Community development is an integral part of any real estate developer and as such Empire East designs projects to include the community at large. One example is our transit-oriented developments that are directly connected, or in walking distance to major transportation centers such as the MRT. These developments provide ease of transport of customers and connect them towards the outside community. The Group also supports MSMEs by providing projects with commercial units that our clients can lease out. These provide our clients with additional sources of livelihood while providing the community with basic goods and services without leaving the project. Laguna BelAir in Santa Rosa, Laguna is also home to the Laguna BelAir Science School that provides K-12 ready education, specializing in STEM. These efforts connect us to the larger community outside as well as closer pocket communities inside for ease of our clients. Empire East hopes to continue these efforts further by providing similar benefits to our future projects.

Customer Satisfaction

EXHIBIT 17: CUSTOMER SATISFACTION, FY2019

Disclosure	Score	Did a third-party conduct the customer satisfaction study?
Customer satisfaction	No Survey done in 2019	N/A

Customer Management: Health and Safety

EXHIBIT 18: CUSTOMER MANAGEMENT – HEALTH AND SAFETY, FY2019

Disclosure	Quantity	Unit
No. of substantiated complaints on product or service health and safety	0	#
No. of complaints addressed	0	#

Empire East has structures and channels in place to receive customer complaints of varying natures, and an investigative body internally to substantiate any and all complaints received. It sees customer feedback as necessary and each complaint is recorded once internal investigations have been completed. Empire East hopes to further expand these channels by providing an online channel.

Marketing and Labelling

This topic is not material to Empire East, since it does not sell fast-moving consumer products.

Governance

Direct Economic Value Generated and Distributed

EXHIBIT 19: DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED, FY2019

Disclosure	Amount	Units
Direct economic value generated (revenue)	5,218	Php (in millions)
Direct economic value distributed:		
a. Employee wages and benefits	471	Php (in millions)
b. Payments to suppliers, other operating costs	3,671	Php (in millions)
c. Dividends given to stockholders and interest payments to loan providers	128	Php (in millions)
d. Taxes given to government	460	Php (in millions)
e. Investments to community (e.g. donations, CSR)	0	Php (in millions)

Climate-related Risks and Opportunities

As a real estate company, Empire East understands that climate change brings a lot of risks and opportunities. Empire East enjoins the industry in understanding these risks and seeks innovative business models with positive climate impacts for new undertakings and operations. This includes studying process designs, efficiencies, and operations across the organization. Once a good understanding of these risks has been obtained, it will be integrated in the strategy framework of Empire East for our board and steering committee to monitor.

Stakeholder Management

Empire East considers customers, suppliers, communities and employees as its primary stakeholders. Most of the Group’s generated economic value is distributed back to the communities we operate in, suppliers, employees, government and other stakeholders. We understand our impact on creating economic opportunities through various projects. This creates numerous direct and indirect jobs in various locations we are operating.

Procurement Practices

Suppliers undergo various departmental assessments to operate with Empire East. Suppliers must have all proper permits to operate as a business and must submit necessary documents to assess operational stability, legality and equitability. Keeping the economic value chain transparent and equitable in distributing economic value to stakeholders is important to Empire East. Unfair business practices from our suppliers or employees could hinder our ability to flow economic opportunities to the society.

Empire East sees the opportunities to improve its performance particularly on how it assesses the economic performance of its suppliers on their policy and practice on anti-corruption and compensation and benefits.

The Company 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 to environmental standards set by various government agencies.

The company's risk management periodically reviews project progress and compliance to various government agencies. Given that constructions are contracted to suppliers, Empire East vets them carefully and ensures that they secured environmental compliance licenses.

Empire East will undergo a review of its current accreditation and supplier assessment processes to strengthen its anti-corruption, environmental and social measures.

Business Ethics

EXHIBIT 20: ANTI-CORRUPTION TRAINING, FY 2019

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100%	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	No data available	%
Percentage of directors and management that have received anti-corruption training	100%	%
Percentage of employees that have received anti-corruption training	100%	%

EXHIBIT 21: INCIDENTS OF CORRUPTION, FY 2019

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

Corruption hampers our ability to equitably distribute economic value to stakeholders. As a real estate company, Empire East understands that there are exposures and risks in its business operations especially in key areas of procurement and in functions that deal with government transactions.

Empire East ensures that all transactions are executed fairly within its codes of conduct. Empire East expects each employee to observe the highest standards of business ethics. All employees have been oriented with Empire East's codes of conduct as part of their onboarding, provided references through its employee online portal and given periodic reminders. An employee cannot engage in any activity which would create conflict or interfere with the performance of his responsibilities. Receiving of gifts from third parties is not allowed. All material party transactions are evaluated by the Board's party transactions committee for fairness and conduct in 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 is actively looking for opportunities to engage and to conduct further training on anti-corruption, anti-money laundering policies and laws.

EXHIBIT 22: GOVERNANCE INDICATORS, FY2019

Disclosure	
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

Data Privacy and Security

Empire East collects client's data pertaining to name, birthdate, marital status, and taxpayer identification number (TIN) in order to process the transfer of property titles to the respective clients. More than 36,000 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.

EXHIBIT 23: DATA PRIVACY AND SECURITY, FY2019

Disclosure	
Data Management Practices	
Number of individual clients for whom data was primarily stored	36,029
Data Breaches	
Number of data security breaches in 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 Management Information Systems department.

Annex A: Reporting Template

Contextual Information

Company Details	
Name of Organization	**Empire East Land Holdings, Inc. (EELHI)**
Location of Headquarters	12th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City 1634
Location of Operations	EELHI's developments are strategically located in key areas in the National Capital Region (NCR) such as Makati City, Quezon City, Mandaluyong City, San Juan City, Pasig City and the City of Manila, and in the progressive and highly urbanized areas of Santa Rosa, Laguna and Cainta, Rizal.
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	*Subsidiaries:* 20th Century Nylon Shirt Co., Inc. (100%) Eastwood Property Holdings, Inc. (100%) Valle Verde Properties, Inc. (100%) Sherman Oak Holdings, Inc. (100%) Empire East Communities, Inc. (100%) Laguna BelAir Science School, Inc. (73%) Sonoma Premiere Land, Inc. (60%) Pacific Coast Megacity Inc. (40%) *Associate:* Gilmore Property Marketing Associate, Inc (47%) *Refer to page xx for the scope of the report*
Business Model, including Primary Activities, Brands, Products, and Services	**Empire East Land Holdings, Inc.** 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.
Reporting Period	January 1, 2019 – December 31, 2019
Highest Ranking Person responsible for this report	Evelyn G. Cacho, Director/Senior Vice President/ Corporate Information Officer/ Compliance Officer

**If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.
See to page 5

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	*See to page 17*	PhP
Direct economic value distributed:		
a. Operating costs	*See to page 17*	PhP
b. Employee wages and benefits	*See to page 17*	PhP
c. Payments to suppliers, other operating costs	*See to page 17*	Php
d. Dividends given to stockholders and interest payments to loan providers	*See to page 17*	PhP
e. Taxes given to government	*See to page 17*	PhP
f. Investments to community (e.g. donations, CSR)	*See to page 17*	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
See to page 17	*See to page 17*	*See to page 17*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
See to page 17	*See to page 17*	*See to page 17*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
See to page 17	*See to page 17*	*See to page 17*

Climate-related Risks and Opportunities

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organization's governance around climate-related risks and opportunities	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	Disclose how the organization identifies, assesses, and manages climate-related risks	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material
See to page 17			
Recommended Disclosures			
a) Describe the board's oversight of climate-related risks and opportunities	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term	a) Describe the organization's processes for identifying and assessing climate-related risks	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process
b) Describe management's role in assessing and managing climate-related risks and opportunities	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	b) Describe the organization's processes for managing climate-related risks	b) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	
See to page 17			

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	100	%

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Which stakeholders are affected?	Management Approach
See page 17	*See page 17*	*See page 17*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
See page 17	*See page 17*	*See page 17*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
See page 17	*See page 17*	*See page 17*

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization’s anti-corruption policies and procedures have been communicated to	*See page 18*	%
Percentage of business partners to whom the organization’s anti-corruption policies and procedures have been communicated to	*See page 18*	%
Percentage of directors and management that have received anti-corruption training	*See page 18*	%
Percentage of employees that have received anti-corruption training	*See page 18*	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
See page 18	*See page 18*	*See page 18*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
See page 18	*See page 18*	*See page 18*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
See page 18	*See page 18*	*See page 18*

Incidents of Corruption

Disclosure	**Quantity**	**Units**
Number of incidents in which directors were removed or disciplined for corruption	*See page 18*	#
Number of incidents in which employees were dismissed or disciplined for corruption	*See page 18*	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	*See page 18*	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
See page 18	*See page 18*	*See page 18*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
See page 18	*See page 18*	*See page 18*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
See page 18	*See page 18*	*See page 18*

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	*See page 7-8*	GJ
Energy consumption (gasoline)	*See page 7-8*	GJ
Energy consumption (LPG)	*N/A*	GJ
Energy consumption (diesel)	*See page 7-8*	GJ
Energy consumption (electricity)	*See page 7-8*	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	See page 7-8	GJ
Energy reduction (LPG)	N/A	GJ
Energy reduction (diesel)	See page 7-8	GJ
Energy reduction (electricity)	See page 7-8	kWh
Energy reduction (gasoline)	See page 7-8	GJ

Impacts: Where it occurs, Organization's Involvement, and Stakeholder Affected
See page 7-8
Risks Identified and Management Approach
See page 7-8
Opportunities Identified and Management Approach
See page 7-8

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	*N/A*	Cubic meters
Water consumption	*See page 9*	Cubic meters
Water recycled and reused	*See page 9*	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
See page 9	*See page 9*	*See page 9*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
See page 9	*See page 9*	*See page 9*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
See page 9	*See page 9*	*See page 9*

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume	*See page 9*	
• renewable	*See page 9*	kg/liters
• non-renewable	*See page 9*	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	*See page 9*	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
See page 9	*See page 9*	*See page 9*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
See page 9	*See page 9*	*See page 9*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
See page 9	*See page 9*	*See page 9*

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A	
Habitats protected or restored	N/A	ha
IUCN[17] Red List species and national conservation list species with habitats in areas affected by operations	N/A	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A	*N/A*	*N/A*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A	*N/A*	*N/A*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A	*N/A*	*N/A*

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	*See page 7-8*	Tonnes CO_2e
Energy indirect (Scope 2) GHG Emissions	*See page 7-8*	Tonnes CO_2e
Emissions of ozone-depleting substances (ODS)	*See page 7-8*	Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
See page 7-8	*See page 7-8*	*See page 7-8*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
See page 7-8	*See page 7-8*	*See page 7-8*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
See page 7-8	*See page 7-8*	*See page 7-8*

Air pollutants

Disclosure	Quantity	Units
NO_x	N/A	kg
SO_x	N/A	kg
Persistent organic pollutants (POPs)	N/A	kg
Volatile organic compounds (VOCs)	N/A	kg
Hazardous air pollutants (HAPs)	N/A	kg
Particulate matter (PM)	*See page 7-8*	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
See page 7-8	*See page 7-8*	*See page 7-8*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
See page 7-8	*See page 7-8*	*See page 7-8*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
See page 7-8	*See page 7-8*	*See page 7-8*

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	*See page 9-10*	kg
Reusable	*See page 9-10*	kg
Recyclable	*See page 9-10*	kg
Composted	*See page 9-10*	kg
Incinerated	*See page 9-10*	kg
Residuals/Landfilled	*See page 9-10*	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
See page 9-10	*See page 9-10*	*See page 9-10*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
See page 9-10	*See page 9-10*	*See page 9-10*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
See page 9-10	*See page 9-10*	*See page 9-10*

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	N/A	kg
Total weight of hazardous waste transported	N/A	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
N/A	*N/A*	*N/A*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A	*N/A*	*N/A*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A	*N/A*	*N/A*

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	*No data available*	Cubic meters
Percent of wastewater recycled	*No data available*	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
See page 9-10	*See page 9-10*	*See page 9-10*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
See page 9-10	*See page 9-10*	*See page 9-10*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
See page 9-10	*See page 9-10*	*See page 9-10*

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	*See page 10*	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	*See page 10*	#
No. of cases resolved through dispute resolution mechanism	*See page 10*	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
See page 10	*See page 10*	*See page 10*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
See page 10	*See page 10*	*See page 10*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
See page 10	*See page 10*	*See page 10*

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees		
a. Number of female employees	*See page 11*	#
b. Number of male employees	*See page 11*	#
Attrition rate	*See page 11*	rate
Ratio of lowest paid employee against minimum wage	*See page 11*	ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS		*See page 12*	
PhilHealth		*See page 12*	
Pag-ibig		*See page 12*	
Parental leaves		*See page 12*	
Vacation leaves		*See page 12*	
Sick leaves		*See page 12*	
Medical benefits (aside from PhilHealth)		*See page 12*	
Housing assistance (aside from Pag-ibig)		*See page 12*	
Retirement fund (aside from SSS)		*See page 12*	
Further education support		*See page 12*	
Company stock options		*See page 12*	
Telecommuting		*See page 12*	
Flexible-working Hours		*See page 12*	
(Others)		*See page 12*	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
See page 12	*See page 12*
What are the Risk/s Identified?	**Management Approach**
See page 12	*See page 12*
What are the Opportunity/ies Identified?	**Management Approach**
See page 12	*See page 12*

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	*See page 13*	hours
b. Male employees	*See page 13*	hours
Average training hours provided to employees		
a. Female employees	*See page 13*	hours/employee
b. Male employees	*See page 13*	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
See page 13	*See page 13*
What are the Risk/s Identified?	**Management Approach**
See page 13	*See page 13*
What are the Opportunity/ies Identified?	**Management Approach**
See page 13	*See page 13*

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	*See page 14*	%
Number of consultations conducted with employees concerning employee-related policies	*See page 14*	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
See page 14	*See page 14*
What are the Risk/s Identified?	**Management Approach**
See page 14	*See page 14*
What are the Opportunity/ies Identified?	**Management Approach**
See page 14	*See page 14*

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	*See page 11*	%
% of male workers in the workforce	*See page 11*	%
Number of employees from indigenous communities and/or vulnerable sector*	*N/A*	#

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
See page 11	*See page 11*
What are the Risk/s Identified?	**Management Approach**
See page 11	*See page 11*
What are the Opportunity/ies Identified?	**Management Approach**
See page 11	*See page 11*

Workpace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	*Not available*	Man-hours
No. of work-related injuries	*See page 13*	#
No. of work-related fatalities	*See page 13*	#
No. of work related ill-health	*See page 13*	#
No. of safety drills	*Not available*	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
See page 13	*See page 13*
What are the Risk/s Identified?	**Management Approach**
See page 13	*See page 13*
What are the Opportunity/ies Identified?	**Management Approach**
See page 13	*See page 13*

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	*See page 15*	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace? *See page 15*

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor		*See page 15*
Child labor		*See page 15*
Human Rights		*See page 15*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
See page 15	*See page 15*
What are the Risk/s Identified?	**Management Approach**
See page 15	*See page 15*
What are the Opportunity/ies Identified?	**Management Approach**
See page 15	*See page 15*

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy: *See page 17*

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance		*See page 17*
Forced labor		*See page 17*
Child labor		*See page 17*
Human rights		*See page 17*
Bribery and corruption		*See page 17*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
See page 17	*See page 17*
What are the Risk/s Identified?	**Management Approach**
See page 17	*See page 17*
What are the Opportunity/ies Identified?	**Management Approach**
See page 17	*See page 17*

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
See page 15					

**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available:

Certificates	Quantity	Units
FPIC process is still undergoing	*Not available*	#
CP secured	*Not available*	#

What are the Risk/s Identified?	Management Approach
See page 15	*See page 15*
What are the Opportunity/ies Identified?	**Management Approach**
See page 15	*See page 15*

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	*See page 16*	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
See page 16	*See page 16*
What are the Risk/s Identified?	**Management Approach**
See page 16	*See page 16*
What are the Opportunity/ies Identified?	**Management Approach**
See page 16	*See page 16*

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	*See page 16*	#
No. of complaints addressed	*See page 16*	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
See page 16	*See page 16*
What are the Risk/s Identified?	**Management Approach**
See page 16	*See page 16*
What are the Opportunity/ies Identified?	**Management Approach**
See page 16	*See page 16*

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	*See page 16*	#
No. of complaints addressed	*See page 16*	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
N/A	*N/A*
What are the Risk/s Identified?	**Management Approach**
N/A	*N/A*
What are the Opportunity/ies Identified?	**Management Approach**
N/A	*N/A*

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	*See page 19*	#
No. of complaints addressed	*See page 19*	#
No. of customers, users and account holders whose information is used for secondary purposes	*See page 19*	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
See page 19	*See page 19*
What are the Risk/s Identified?	**Management Approach**
See page 19	*See page 19*
What are the Opportunity/ies Identified?	**Management Approach**
See page 19	*See page 19*

Data Security

Disclosure	**Quantity**	**Units**
No. of data breaches, including leaks, thefts and losses of data	*See page 19*	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
See page 19	*See page 19*
What are the Risk/s Identified?	**Management Approach**
See page 19	*See page 19*
What are the Opportunity/ies Identified?	**Management Approach**
See page 19	*See page 19*

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
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 in 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.
Science School	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.

** None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*