COVER SHEET

SEC Registration Number

4 3 7 9 8

COMPANY NAME

ETON PROPERTIES PHILIPPINES,
INC. AND SUBSIDIARIES

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

8th Floor, Allied Bank Center,
6754 Ayala Avenue, Makati City
Metro Manila, Philippines

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q	N/A	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
EPPI_SEC_Mailbox@eton.com.ph	(632) 8548-4000	0917 1010358

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,667	April 21	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Wilfredo M. Pielago	EPPI_SEC_Mailbox@eton.com.ph	(632) 8548-4000	0917-1010358

CONTACT PERSON's ADDRESS

8th Floor, Allied Bank Center, 6754 Ayala Avenue, Makati City

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q
QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(B) THEREUNDER

1. For the quarterly period ended March 31, 2021

2. SEC Identification No. – 43798

3. BIR Tax Identification No.: 000-438-132-000

4. ETON PROPERTIES PHILIPPINES, INC.
   (Exact name of registrant as specified in its charter)

5. Makati City

6. Industry Classification______________ (SEC Use Only)
   (Province, Country or other jurisdiction of incorporation of principal office) Industry Classification Code

7. 8th Floor Allied Bank Center, 6754 Ayala Avenue, Makati City 1226
   (Address of principal office) Postal Code

8. (632) 8548 4000
   (Registrant's telephone number, including area code)

9. BALABAC RESOURCES AND HOLDINGS CO., INC.
   7/F Allied Bank Center, 6754 Ayala Avenue, Makati City
   (Former name, former address & former fiscal year, if changed since last report)

10.

Title of Each Class	Number of Shares of Common Stock Outstanding
Common	5,723,007,872 shares

(Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA)

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

    NO

12. Checked whether the registrant:

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

       YES

    b. Has been subject to such filing requirements for the past 90 days.

       YES

PART I - FINANCIAL INFORMATION

Item 1 – Financial Statements

Eton Properties Philippines, Inc. and its Subsidiaries' (the Group) interim consolidated financial statements as of March 31, 2021 are filed with this report.

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

Results of Operations

Despite the economic challenges brought about by the COVID-19 pandemic, the Group managed to end the first quarter of 2021 with a net income after tax of ₱149.8 million, only 11% or ₱19.3 million lower than the ₱169.1 million recorded in the same quarter in 2020. However, net income ratio improved from 25% in the first three months of 2020 to 28% in the same period in 2021. The improvement in the net income ratio is mainly attributable to the Group's lower operating expenses as a result of lower provisioning for estimated credit losses for its trade receivables, and cost-savings efforts as the Group copes to mitigate the adverse effects of the pandemic. As a result, general and administrative expenses decreased by ₱63.1 million or 31%.

On the other hand, the Group was able to maintain its gross profit rate at the same level as the first quarter of last year at 70%, by being proactive and instituting efficient measures to protect its margins. This is despite the decrease in the Group's revenues from ₱663.8 million in the first quarter of 2020 to ₱543.3 million in the same quarter of 2021, or a decrease of 20%. The Group's retail leasing segment remains negatively affected by the inability of its tenants to resume full operations due to quarantine restrictions. The demand for residential leasing is likewise affected by the reduction in foreign nationals allowed to enter the country. This declines in revenue, however, was mitigated by the stable performance of the office lease segment which showed an increase in occupancy due to new tenants in Centris Cyberpod 5 in Quezon City. Serviced apartment revenue from "The Mini Suites," in Makati likewise increased from ₱52.8 million in 2020 to ₱54.7 million in 2021 or an increase of 4% as its average occupancy for the three months period improved due to corporate client bookings.

The Group is closely monitor the business activities of its tenants in order to assist their operations. Our sustainable partnership with our tenants continue to play a vital role in navigating this crisis. Considering the effects of the pandemic, the Group put proactive measures to mitigate vacancy risk. The aim of the Group now is to work in partnership with tenants to finish the year with steady revenue and prepare to bounce back by the end of the year.

The Group remains to strictly follows national and local government advisories and guidelines as well as the best practices taken by the Philippine Department of Health (DOH) to support the government's objective to stop the spread of the Covid-19 virus.

Financial Condition

As of March 31, 2021, the Group's consolidated assets stood at ₱31,917.4 million, higher than the ₱31,821.9 million consolidated assets as of December 31, 2020. The increase primarily pertains to the increase in trade and other receivables and Investment Properties. Trade and other receivable increased by ₱168.9 million or 7% due to the deferral of the collection of the Group's receivables from leases and real estate sales contracts, in compliance with Bayanihan Act 1 and 2, and DTI rules on rental collections. Investment Properties increased from ₱20,882.7 as of December 31, 2020 to ₱20,940.4 million as of March 31, 2021or an increase of ₱57.6 million was mainly due to the continuous development of WestEnd Square, a mixed-use development in Makati and Eton City Square in Sta. Rosa, Laguna. This was partially offset by the decrease in cash and cash equivalents by ₱192.5 million or 14% primarily due to the principal and interest payments from bank loans that were due during the first quarter of 2021.

Total liabilities decreased by ₱54.3 million from ₱13,180.5 million as of December 31, 2020 to ₱13,126.2 million as of March 31, 2021 mainly due to the decrease in loans payable by ₱91.7 million or 2% which pertains to principal payments made during the period.

The Group's top five (5) key performance indicators are:

1. <u>Net Income</u>

   The Group posted net income of ₱149.75 million for the three months ended March 31, 2021. This is 11% lower than last year's net income after tax for the same period of ₱169.1 million. The decrease in net income is mainly due to the decrease in the Group's total revenue.

2. <u>Current Ratio (*Current Assets/Current Liabilities*)</u>

   Current ratio as of March 31, 2021 and December 31, 2020 is 1.50:1 and 1.59:1, respectively. The increase was mainly due to the reclassification of bank loans payable that will become due in the next 12 months.

3. <u>Basic and Diluted Earnings Per Share</u>

   The Group reported basic earnings per share of ₱0.026 and ₱0.030 for the three months ended March 31, 2021 and 2020, respectively.

4. <u>Debt to Equity Ratio (*Total Liabilities/Total Equity*)</u>

   Debt to equity ratio decreased to 0.70:1 as of March 31, 2021 from 0:70:1 as of December 31, 2020. The decrease was mainly due to the principal payment of bank loans made during the period.

5. <u>Quick Ratio (*Cash and Cash Equivalents and Receivables/Current Liabilities*)</u>

   Quick ratio as of March 31, 2021 of 0.52:1 is lower than the quick ratio as of December 31, 2020 of 0.56:1 primarily due to higher current liabilities as of end of the first three months of 2021. The increase in current liabilities was mainly due to the reclassification of bank loans payable that will become due in the next 12 months

(i) There are no known trends or any known demands, events of uncertainties that will affect the Group's liquidity. Expected inflows from operations are deemed sufficient to sustain the Group's operations for the next six months.

(ii) 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.

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

(iv) Trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues of income from continuing operations.

   Please see Results of Operation

(v) There is no significant element of income that did not arise from continuing operations.

(vi) The causes for any material change from period to period which shall include vertical and horizontal analyses of any material item:

Results of our vertical analyses showed the following material items:

1. Current and noncurrent portion of trade and other receivables – 8% consist of the revenues recognized to date which are still collectible from the respective buyers and tenants.
2. Real estate inventories – 13% consist of actual project cost incurred to date and the cost of land purchased by the Group for its various residential projects. Deducted from this account is the cost of residential and condominium units sold to date based on project's percentage of completion.
3. Other current assets – 5% consist mainly of prepaid taxes, creditable withholding taxes, input VAT, deferred rent assets and advances to contractors.
4. Investment properties – 66% mainly includes the Group's land bank and actual project cost incurred for leasable commercial, office and residential spaces.
5. Trade and other payables – 11% mainly includes retention payables and trade payables to contractors/suppliers, accrued expenses and accrued project cost.
6. Current and noncurrent portion of loans payable – 19% pertains to bank term loans used to finance the Group's on-going projects and working capital requirements.
7. Equity – 59% includes the posted net income for the past three months.

Results of our horizontal analyses showed the following material changes:

1. Cash and cash equivalents – 14% decrease mainly due to interest and principal bank loan payments which were due during the first quarter of 2021.
2. Current and noncurrent portion of trade and other receivables – 7% increase mainly due deferral of the collection of the Group's receivables from leases and real estate sales contracts, in compliance with Bayanihan Act 1 and 2, and DTI rules on rental collections.
3. Other current assets – 5% increase pertains to input VAT paid during the period coming from the on-going construction of the Group's real estate projects, and prepayments yet to be amortized during the remainder of the year.

All of these material changes were explained in detail in the Management's Discussion and analysis of Financial Condition and Results of Operations stated above.

Item 3 – Other Information

FINANCIAL STATEMENTS REQUIRED UNDER SRC RULE 68.1	Remarks
The following information, as a minimum, should be disclosed in the notes to financial statements, if material and if not disclosed elsewhere in the interim financial report.	
1. Explanatory comments about the seasonality or cyclicality of interim operations;	Not applicable
2. The nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents;	Please see attached
3. The nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, if those changes have a material effect in the current interim period;	Not applicable
4. Issuances, repurchases, and repayments of debt and equity securities,	Not applicable
5. Dividends paid (aggregate or per share) separately for ordinary shares and other shares;	Not applicable
6. Segment revenue and segment result for business segments or geographical segments, whichever is the issuer's primary basis of segment reporting. (This shall be provided only if the issuer is required to disclose segment information in its annual financial statements);	Please see attached
7. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period;	Not applicable
8. The effect of changes in the composition of the issuer during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations; and,	Not applicable
9. Changes in contingent liabilities or contingent assets since the last annual balance sheet date.	Not applicable
10. Financial risk management objectives and policies	Please see attached

Part II – Other Information

SIGNATURES

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

ETON PROPERTIES PHILIPPINES, INC.
By:

Wilfredo M. Pielago
VP-Controller
May 11, 2021

Karlu T. Say
Chief Operating Officer
May 11, 2021

ETON PROPERTIES PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31, 2021*	December 31, 2020**
ASSETS		
Current Assets		
Cash and cash equivalents	**₱1,214,737,595**	₱1,407,273,712
Trade and other receivables	**1,886,028,765**	1,678,222,260
Real estate inventories	**4,145,199,608**	4,142,251,283
Other current assets	**1,688,058,153**	1,604,706,393
Total Current Assets	**8,934,024,121**	8,832,453,648
Noncurrent Assets		
Receivables - net of current portion	**593,175,023**	632,103,555
Investment properties	**20,940,385,623**	20,882,736,426
Property and equipment	**807,416,065**	822,306,826
Right-of use assets	**241,167,641**	247,586,055
Deferred income tax assets – net	**8,357,485**	8,733,016
Other noncurrent assets	**392,857,329**	396,017,589
Total Noncurrent Assets	**22,983,359,166**	22,989,483,467
TOTAL ASSETS	**₱31,917,383,287**	₱31,821,937,115

LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	**₱3,495,588,150**	₱3,467,003,653
Customers' deposits	**982,603,209**	997,714,294
Current portion of:		
Loans payable	**1,230,852,206**	845,122,559
Lease liabilities	**16,965,395**	16,965,395
Deposits and other current liabilities	**229,355,073**	229,089,463
Income tax payable	**49,284**	49,284
Total Current Liabilities	**5,955,413,317**	5,555,944,648
Noncurrent Liabilities		
Loans payable - net of current portion	**4,769,232,524**	5,246,613,375
Payables to landowners – net of current portion	**1,061,190,858**	1,061,190,858
Lease liabilities – net of current portion	**478,563,387**	477,074,262
Deferred income tax liabilities - net	**196,519,498**	196,439,163
Other noncurrent liabilities	**665,250,065**	643,211,617
Total Noncurrent Liabilities	**7,170,756,332**	7,624,529,275
Total Liabilities	**13,126,169,649**	13,180,473,923
Equity		
Capital stock - ₱1 par value	**5,723,017,872**	5,723,017,872
Additional paid-in capital	**8,206,662,618**	8,206,662,618
Accumulated remeasurements on retirement benefits	**32,366,135**	32,366,135
Retained earnings	**4,829,174,968**	4,679,424,522
Treasury shares	**(7,955)**	(7,955)
Total Equity	**18,791,213,638**	18,641,463,192
TOTAL LIABILITIES AND EQUITY	**₱31,917,383,287**	₱31,821,937,115

**Unaudited*
***Audited*

ETON PROPERTIES PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Quarters Ended March 31	
	2021*	2020*
REVENUE		
Real estate sales	**₱423,942,089**	₱470,272,723
Rental income	**55,602,927**	140,785,460
Rooms and other operated departments	**54,706,481**	52,764,574
	534,251,497	663,822,757
COST AND EXPENSES		
Cost of real estate sales	**21,129,273**	57,383,943
Cost of rental income	**112,200,109**	113,336,540
Cost of rooms and other operated departments	**28,518,339**	29,166,889
Selling expenses	**4,321,649**	9,977,353
General and administrative expenses	**138,569,771**	201,732,380
	304,739,141	411,597,105
OTHER INCOME (CHARGES)		
Interest income	**4,388,458**	10,828,699
Finance charges	**(57,459,287)**	(75,489,317)
Foreign exchange gains (losses)	**625,262**	(39,085)
Other income	**23,048,887**	52,100,437
	(29,396,680)	(12,599,266)
INCOME BEFORE INCOME TAX	**200,115,676**	239,626,386
PROVISION FOR INCOME TAX		
Current	**49,909,365**	67,509,037
Deferred	**455,865**	2,989,332
	50,365,230	70,498,369
NET INCOME	**₱149,750,446**	₱169,128,017
BASIC/DILUTED EARNINGS PER SHARE	**₱0.026**	₱0.030

**Unaudited*

ETON PROPERTIES PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Quarters Ended March 31	
	2021*	2020*
NET INCOME	**₱149,750,446**	₱169,128,017
OTHER COMPREHENSIVE INCOME	**–**	–
TOTAL COMPREHENSIVE INCOME	**₱149,750,446**	₱169,128,017

**Unaudited*

ETON PROPERTIES PHILIPPINES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Quarters Ended March 31	
	2021*	2020*
Equity		
Capital stock - 1 par value		
Issued and fully paid	**₱5,723,017,872**	₱5,723,017,872
Additional paid-in capital	**8,206,662,618**	8,206,662,618
	13,929,680,490	13,929,680,490
Retained earnings		
Balance at beginning of period		
Appropriated	**200,000,000**	200,000,000
Unappropriated	**4,479,424,522**	3,677,323,738
Net income for the period	**149,750,446**	169,128,017
Balance at end of period		
Appropriated	**200,000,000**	200,000,000
Unappropriated	**4,629,174,968**	3,846,451,755
Accumulated remeasurements on retirement benefits	**32,366,135**	28,401,530
Treasury shares, at cost	**(7,955)**	(7,955)
Total Equity	**₱18,791,213,638**	₱18,004,525,820

**Unaudited*

ETON PROPERTIES PHILIPPINES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Quarters Ended March 31	
	2021*	2020*
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱200,115,676**	₱239,626,386
Adjustments for:		
Depreciation and amortization	**100,610,189**	105,029,844
Interest expense and other finance charges	**57,459,287**	75,462,129
Movements in retirement benefits	**5,851,536**	2,652,039
Unrealized foreign exchange loss (gain) - net	**(660,043)**	40,359
Interest income	**(4,388,458)**	(10,828,699)
Operating income before working capital changes	**358,988,187**	411,982,058
Decrease (increase) in:		
Trade and other receivables	**(168,686,249)**	(102,112,111)
Real estate inventories	**(2,948,325)**	43,335,662
Other assets (current and noncurrent)	**(107,310,382)**	(184,977,895)
Increase (decrease) in:		
Trade and other payables	**6,050,507**	99,255,913
Customers' deposits	**(15,111,085)**	72,787,077
Deposits and other liabilities	**16,452,522**	20,124,590
Cash generated from operations	**87,435,175**	360,395,294
Interest paid	**(22,411,007)**	(122,262,278)
Income taxes paid, including final tax and creditable withholding taxes	**(24,513,052)**	(31,905,010)
Interest received	**4,196,734**	10,797,256
Net cash from operating activities	**44,707,850**	217,025,262
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Investment properties	**(131,548,020)**	(140,140,969)
Property and equipment	**(3,631,308)**	(3,494,212)
Software	**(48,313)**	(1,206,628)
Net cash used in investing activities	**(135,227,641)**	(144,841,809)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Loans payable	**(93,750,000)**	(1,503,325,000)
Lease liabilities	**(8,926,369)**	(10,070,736)
Payable to landowners	**–**	(14,509,800)
Net cash used in financing activities	**(102,676,369)**	(1,527,905,536)

Unaudited

(Forward)

	Quarters Ended March 31	
	2021*	2020*
NET EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**₱660,043**	(₱40,359)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(192,536,117)**	(1,455,762,442)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**1,407,273,712**	2,323,875,922
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱1,214,737,595**	₱868,113,480

**Unaudited*

ETON PROPERTIES PHILIPPINES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Corporate Information

Eton Properties Philippines, Inc. ("Eton" or "the Parent Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on April 2, 1971 under the name "Balabac Oil Exploration & Drilling Co., Inc." to engage in oil exploration and mineral development projects in the Philippines. On May 12, 1988, the Philippine SEC approved the Parent Company's registration and licensing as a listed company.

On August 19, 1996, the Parent Company's Articles of Incorporation (the Articles) was amended to:(a) change the Parent Company's primary purpose from oil exploration and mineral development to that of engaging in the business of a holding company; and (b) include real estate development and oil exploration as among its secondary purposes.

On February 21, 2007, the Parent Company's Board of Directors (BOD) adopted the following amendments: (a) change the corporate name to Eton Properties Philippines, Inc.; (b) change the primary purpose to hold, develop, manage, administer, sell, convey, encumber, purchase, acquire, rent or otherwise deal in and dispose of, for itself or for others, residential, including, but not limited to, all kinds of housing projects, commercial, industrial, urban or other kinds of real property, improved or unimproved; to acquire, purchase, hold, manage, develop and sell subdivision lots; to erect, construct, alter, manage, operate, lease buildings and tenements; and to engage or act as real estate broker;(c) increase the number of directors from 11 to 15; and, (d) change of financial year-end from April 30 to December 31.

The above amendments were adopted by the Parent Company's shareholders on April 19, 2007 and approved by the Philippine SEC on June 8, 2007.

On October 6, 2009, the Parent Company's BOD approved the acquisition of an approximately 12-hectare property, with an appraised value of ₱3,953.2 million, owned by Paramount Landequities, Inc. (Paramount), where the Eton Centris projects are situated in exchange for the issuance of 1,600 million shares to Paramount at ₱2.50 per share. On October 22, 2009, the Parent Company and Paramount executed a Deed of Conveyance pertaining to the asset-for-share swap As approved by the Philippine SEC in July 2011, the property was recognized by the Parent Company at the value of ₱4,000 million (see Notes 7 and 25).

Prior to restructuring in 2012, Paramount and Saturn Holdings, Inc. (Saturn) had ownership interest of 55.07% and 42.39%, respectively, in Eton.

On September 17, 2012, LT Group, Inc. (LTG)'s BOD approved the assumption by LTG of certain liabilities of Paramount from Step Dragon Co. Ltd. and Billinge Investments Ltd., British Virgin Island (BVI)-based companies, and Saturn from Penick Group Ltd., also a BVI-based company, amounting to ₱1,350.8 million and ₱521.3 million, respectively. LTG is a publicly listed company incorporated and domiciled in the Philippines.

On September 25 and September 26, 2012, LTG subscribed to 1,350,819,487 common shares of Paramount and 490,000,000 common shares of Saturn, respectively, with a par value of ₱1.00 per share, which were issued to LTG from the increase in Paramount's and Saturn's authorized capital stock. LTG paid for the subscription in full by way of conversion into equity of LTG's advances to Paramount and Saturn amounting to ₱1,350.8 million and ₱490.0 million, respectively. On the same dates, Paramount and Saturn filed their application for increase in authorized capital with the Philippine SEC in order to accommodate LTG's investment.

Upon the Philippine SEC's approval on October 10, 2012, Paramount and Saturn became subsidiaries of LTG with 98.18% and 98.99% ownership interests, respectively, thus, giving LTG a 98.00% effective ownership in Eton.

On October 30, 2012, LTG entered into deeds of sale of shares with the controlling shareholders of Paramount and Saturn for the remaining issued and outstanding shares of the said companies. Thus, Paramount and Saturn became wholly owned subsidiaries of LTG.

On October 22, 2012, the Parent Company's BOD approved to voluntarily delist the Parent Company from the Philippine Stock Exchange (PSE) in light of the Parent Company's inability to comply with the minimum public ownership requirement of PSE within the allowed grace period. On December 8, 2012, Paramount made a tender offer to buy back shares of the Parent Company traded in the PSE resulting in the increase in its ownership interest from 55.07% to 56.86%, thus, increasing LTG's effective ownership interest in Eton to 99.30%. The delisting of the Parent Company became effective on January 2, 2013.

On November 14, 2014, Paramount and Saturn authorized the conversion of its advances to the Parent Company amounting to ₱3,150.0 million and ₱2,350.0 million, respectively, into equity by way of subscription to 2,067,669,172 shares of stock at an issue price of ₱2.66 per share. On January 14, 2015, the Parent Company filed the application for conversion with the SEC which was subsequently approved on January 23, 2015.

On March 2, 2015, the Parent Company's BOD approved the increase of its authorized capital stock from ₱5.0 billion divided into 5.0 billion common shares with a par value of ₱1.00 per share to ₱8.0 billion divided into 8.0 billion common shares with a par value of ₱1.00 per share. On September 28, 2015, Eton filed an application with the Philippine SEC to increase its authorized capital stock which was subsequently approved by the Philippine SEC on September 30, 2015. Out of the increase of 3.0 billion common shares, 419 million common shares and 331 million common shares have been subscribed by Paramount and Saturn, respectively, at a subscription price of ₱2.72 per share.

As of March 31, 2021 and December 31, 2020, Eton is 56.88%-owned by Paramount, respectively. Eton's ultimate parent company is Tangent Holdings Corporation, a company incorporated and domiciled in the Philippines.

The Parent Company's registered business address is 8/F Allied Bank Center, 6754 Ayala Avenue, Makati City, Metro Manila, Philippines.

Subsidiaries
Below are the Parent Company's ownership interests in its subsidiaries:

Subsidiaries	Percentage of Ownership
Belton Communities, Inc. (BCI)	100%
Eton City, Inc. (ECI)	100%
FirstHomes, Inc. (FHI)	100%
Eton Properties Management Corporation (EPMC)	100%

BCI was incorporated and registered with the Philippine SEC on November 5, 2007. On February 18, 2008, the BOD of BCI approved the increase of its capital stock from 20,000 shares to 100,000,000 shares at ₱1.00 par value per share and the subscription of the Parent Company for 24,995,000 shares, which, in addition to 5,000 common shares originally subscribed, would equal to 25% of the authorized capital stock.

On October 15, 2014, the BOD of BCI approved the increase of its authorized capital stock from

₱20,000 divided into 20,000 common shares with a par value of ₱1.00 per share to ₱800,000,000 divided into 800,000,000 common shares with a par value of ₱1.00 per share. On December 23, 2014, BCI filed an application with the Philippine SEC to increase its authorized capital stock which was subsequently approved by the Philippine SEC on January 7, 2015. Out of the increase in authorized capital stock, 199.995 million common shares have been subscribed by the Parent Company with deposit for future stock subscription as payment for the subscribed common shares.

ECI was incorporated and registered with the Philippine SEC on October 8, 2008. On October 15, 2014, the BOD of ECI approved the increase of its authorized capital stock from ₱100,000,000 divided into 100,000,000 common shares with a par value of ₱1.00 per share to ₱1,000,000,000 divided into 1,000,000,000 common shares with a par value of ₱1.00 per share. On December 23, 2014, ECI filed an application with the Philippine SEC to increase its authorized capital stock which was subsequently approved by the Philippine SEC on January 6, 2015. Out of the increase in authorized capital stock, 225.0 million common shares have been subscribed by the Parent Company with deposit for future stock subscription as payment for the subscribed common shares.

On October 15, 2010, FHI was incorporated and registered with the Philippine SEC as a wholly owned subsidiary of the Parent Company with a total subscribed capital stock of ₱1.3 million.

EPMC was incorporated and registered with the Philippine SEC on September 29, 2011 to manage, operate, lease, in whole or in part, real estate of all kinds, including buildings, house, apartments and other structures.

On June 14, 2017, the BOD of EPMC approved the increase in its authorized capital stock from ₱1,000,000 divided into 1,000,000 common shares with a par value of ₱1.00 per share to ₱20,000,000 divided into 20,000,000 common shares with a par value of ₱1.00 per share. The increase in authorized capital stock was approved by the Philippine SEC on September 19, 2017. Out of the increase in authorized capital stock, 4.75 million common shares have been subscribed by the Parent Company.

On December 4, 2019, the Board of Directors of EPPI approved the additional investment/purchase of 15.0 million shares of EPMC, with par value of ₱1.00 per share, amounting to ₱15.0 million.

All subsidiaries, except for EPMC, are engaged in real estate development. All subsidiaries' registered business address is 8/F Allied Bank Center, 6754 Ayala Avenue, Makati City, Metro Manila.

2. Summary of Significant Accounting and Financial Reporting Policies

Basis of Preparation and Statement of Compliance

The consolidated financial statements have been prepared under the historical cost basis and are presented in Philippine peso (Peso), which is the Parent Company's functional and presentation currency. All values are rounded to the nearest Peso, except when otherwise indicated.

The consolidated financial statements of the Parent Company and its subsidiaries (collectively referred to as the Group) have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs) as issued by the Financial Reporting Standards Council (FRSC), which include the availment of the relief granted by the SEC under Memorandum Circular Nos. 14-2018 and 3-2019. PFRSs include statements named PFRSs, Philippine Accounting Standards (PAS) and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) issued by FRSC.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group as at March 31, 2021 and December 31, 2020 and for each of the quarters ended March 31, 2021 and 2020. The financial statements of the subsidiaries are prepared for the same financial reporting period as the Parent Company, using consistent accounting policies.

A subsidiary is an entity over which the Parent Company has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect that return through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and,
- the ability to use its power over the investee to affect its returns.

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

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and,
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included or excluded in the consolidated financial statements from the date the Group gains control or until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Adjustments, where necessary, are made to ensure consistency with the policies adopted by the Group.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated but are considered as an impairment indicator of the assets transferred.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year. Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Adoption of PIC Q&A 2020-03, Q&A 2018-12-D: STEP 3- On the accounting of the difference when the percentage of completion is ahead of the buyer's payment

  PIC Q&A 2020-03 was issued by the PIC on September 30, 2020. The latter aims to provide an additional option to the preparers of financial statements to present as receivables, the difference between the POC and the buyer's payment, with the POC being ahead. This PIC Q&A is consistent with the PIC guidance issued to the real estate industry in September 2019.

  The adoption of this PIC Q&A did not impact the consolidated financial statements since it has previously adopted the additional guidance issued by the PIC in September 2019.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

  The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."
  The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

- Conceptual Framework for Financial Reporting issued on March 29, 2018

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

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

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

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

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

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

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

  Group as Lessee. No concessions as lessees were granted to the Group.

  Group as Lessor. Throughout the government-imposed community quarantine, the Group waived rentals amounting to ₱107.2 million which reduced rental income. Such rental waivers and deferrals are not accounted as a lease modification under PFRS 16 since COVID-19 is a force majeure under the general law.

- Amendments to PFRS 3, *Business Combinations, Definition of a Business*
- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*

Future Changes in Accounting Policy

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

Effective beginning on or after January 1, 2021

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

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

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

  The Group shall also disclose information about:

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

  The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Group is not required to restate prior periods.

Effective beginning on or after January 1, 2022

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

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

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

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

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

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

- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*
  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

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

- *Annual Improvements to PFRSs* 2018-2020 Cycle

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

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

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

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

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

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

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*
  The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

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

Effective beginning on or after January 1, 2023

- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

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

- PFRS 17, *Insurance Contracts*

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

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

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

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

Deferred effectivity

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

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

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

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

On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 8, 2019, the Philippine SEC issued SEC MC No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023. A summary of the PIC Q&A provisions covered by the SEC deferral and the related deferral period follows:

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

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

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

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

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

After the deferral period, real estate companies would have to adopt PIC Q&A 2018-12 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

The Group availed of the deferral of adoption of the following specific provisions of PIC Q&A. Had these provisions been adopted, it would have the following impact in the consolidated financial statements:

a. The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments explicit in the contract to sell would constitute a significant financing component. Interest income would have been recognized for contract assets and interest expense for contract liabilities using the effective interest rate method and this would have impacted retained earnings as at January 1, 2018 and the revenue from real estate sales in 2021, 2020 and 2019. Currently, any significant financing component arising from the mismatch discussed above is not considered for revenue recognition purposes.

b. The Group is acting as a principal for the provision of air-conditioning services, common usage services and administration and handling services. This would have resulted to the gross presentation of the related revenue and the related cost and expenses. Currently, the related revenue is presented net of costs and expenses. These would not result to any adjustment in the retained earnings as of January 1, 2018 and net income for the years ended December 31, 2020, 2019 and 2018.

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

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

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

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

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

The Group continues to assess the impact of the above new and amended accounting standards and Interpretations effective subsequent to 2020 on the Group's consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the consolidated financial statements when these amendments are adopted.

Fair Value Measurement

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

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

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

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

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

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

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

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

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

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

Current versus Non-Current Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;

- expected to be realized within 12 months after the reporting period; or,
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

Deferred income tax assets and liabilities are classified as non-current assets and liabilities.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value and are acquired three months or less before their maturity.

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

Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under PFRS 15.

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

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

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

As of March 31, 2021 and December 31, 2020, the Group's financial assets pertain to financial assets at amortized cost (debt instrument).

Subsequent measurement
The Group measures financial assets at amortized cost if both of the following conditions are met:

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

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

The Group's financial assets at amortized cost includes cash in banks and cash equivalents, trade and other receivables and refundable deposits.

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

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

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

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

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

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 trade and other receivables and refundable deposits, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For contracts receivables (CR) presented under "Trade and Other Receivables", the Group used the vintage analysis accounts for expected credit losses by calculating the cumulative loss rates of a given CR pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the probability model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

In addition to life of loan loss data, primary drivers like macroeconomic indicators of qualitative factors such as forward-looking data on interest rate, unemployment rate and inflation rates were added to the expected loss calculation to reach a forecast supported by both quantitative and qualitative data points.

The probability of default is applied to the estimate of the loss arising on default which is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from the repossession of the subject real estate property, net of cash outflows. For purposes of calculating loss given default, accounts are segmented based on facility/collateral type and completion. In calculating the recovery rates, the Group considered collections of cash and/or cash from resale of real estate properties after foreclosure, net of direct costs of obtaining and selling the real estate properties after the default event such as commission, association dues, refurbishment, payment required under Maceda Law, and cost to complete (for incomplete units).

As these are future cash flows, these are discounted back to the time of default using the appropriate EIR, usually being the original EIR or an approximation thereof.

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

Every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities pertain to loans and borrowings.

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

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

This category generally applies to interest-bearing loans and borrowings.

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

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously. The Group assesses that it has currently enforceable rights of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all counterparties.

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

Cost includes:
- land cost;
- amounts paid to contractors for construction; and
- planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated cost to sell.

Advances to Contractors and Suppliers
Advances to contractors pertain to advance payments made to contractors at the start of each contract packages while advances to suppliers pertain mainly to the advance payments for the purchase of material and supplies. Advances to contractors is recouped every progress billing payment based on the percentage of accomplishment of each contract package. Advances to contractors related to the construction of the Group's investment properties are classified as part of noncurrent assets while advances to contractors related to construction of real estate inventories are classified as current assets.

Creditable Withholding Taxes (CWT)
CWTs are amounts withheld from income subject to expanded withholding taxes. CWTs can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source, subject to the rules on Philippine income taxation. CWTs which are expected to be utilized as payment for income taxes within 12 months are classified as current assets. Otherwise, these are classified as other noncurrent asset. CWTs are classified in the "Other current assets" account in the consolidated statement of financial position.

Value-added Tax (VAT)
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable:

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

Investment Properties
Investment properties consist of properties that are held to earn rentals or for capital appreciation or both, and are not occupied by the Group.

Investment properties, except for land, are carried at cost less accumulated depreciation and any impairment in value. Land is carried at acquisition cost less any impairment in value. The cost of an investment property, except for land, includes its construction costs and any directly attributable costs of bringing the asset to its working condition and location for its intended use, including borrowing costs. Additions, betterments and major replacements are capitalized while minor repairs and maintenance are charged to expense as incurred.

Construction in progress is stated at cost less any impairment in value. This includes cost of construction and other direct costs. Construction in progress is not depreciated until such time that the relevant asset is completed or put into operational use. Construction in progress are carried at cost and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete, and the property is ready for occupation.

Depreciation of investment properties commences once these are available for use and is computed on a straight-line basis over the estimated useful lives of the investment properties as follows:

Category	Years
Buildings	20 to 40
Condominium units	40
Land improvements	5

Depreciation of investment properties ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations,* and the date the asset is derecognized.

The useful lives and depreciation method are reviewed annually based on expected asset utilization to ensure that the period of depreciation is consistent with the expected pattern of economic benefits from the investment properties.

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

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

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

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and any impairment in value. The cost of property and equipment comprised construction cost, including borrowing costs, or purchase price plus any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Construction in progress is stated at cost less any impairment in value. This includes cost of construction and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are completed and put into operational use. Construction in progress are carried at cost and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete, and the property is ready for occupation.

Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the items can be measured reliably. All other repairs and maintenance are charged against current operations as incurred.

Depreciation and amortization of property and equipment commences once the property and equipment is available for use and is computed on a straight-line basis over their estimated useful lives as follows:

Category	Years
Serviced apartments:	
Condominium units	40
Furniture, fixtures and equipment	3 to 15
Transportation equipment	5
Furniture, fixtures and equipment	3 to 10
Leasehold improvements	5 or term of the lease, whichever is shorter

Depreciation and amortization ceases at the earlier of the date that the item is classified as held for sale or included in a disposal group that is classified as held for sale in accordance with PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations,* and the date the asset is derecognized.

The assets' estimated useful lives, and depreciation and amortization method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from the items of property and equipment.

When a property and equipment is retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any impairment in value are removed from consolidated statement of financial position and any resulting gain or loss is recognized in consolidated statement of income.

Software

Software, which is included under "Other noncurrent assets" in the consolidated statement of financial position, is measured at cost on initial recognition. Subsequently, software is carried at cost less accumulated amortization and any accumulated impairment losses. Amortization is calculated using the straight-line method over the software's estimated useful life of five years.

Impairment of Noncurrent Nonfinancial Assets

The Group assesses at each financial reporting date whether there is an indication that its noncurrent nonfinancial assets, which include investment properties, property and equipment, and software, may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is calculated as the higher of the asset's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses are recognized in consolidated statement of income.

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

Security Deposits

Security deposits, included in "Deposits and other current liabilities" and "Other noncurrent liabilities" in the consolidated statement of financial position, are measured initially at fair value and are subsequently measured at amortized cost using the effective interest method.

Capital Stock and Additional Paid-In Capital

Capital stock is measured at par value for all shares subscribed and/or issued. Subscribed capital stock is the portion of the authorized capital stock that has been subscribed but not yet fully paid and therefore still unissued. The subscribed capital stock is reported net of the subscription receivable.

When the shares are subscribed or sold at a premium, the difference between the proceeds and the par value is credited to "Additional paid-in capital" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Group, the shares shall be measured either at the fair value of the liability settled or fair value of the shares issued or, whichever is more reliably determinable. Direct costs incurred related to equity issuance, such as underwriting, accounting and legal fees and taxes are chargeable to "Additional paid-in capital" account. If additional paid-in capital is not sufficient, the excess is charged against the retained earnings.

Treasury Shares

Treasury shares are carried at cost and are presented as deduction from equity. No gain or loss is recognized in consolidated statement of income on the purchase, sale, reissuance or cancellation of treasury shares. Any difference between the carrying amount and the consideration on the reissuance of treasury shares is recognized as additional paid-in capital.

Retained Earnings

Retained earnings represent the cumulative balance of periodic net income or loss, dividend distributions, prior period adjustments, effect of changes in accounting policy and other capital adjustments. When the retained earnings account has a debit balance, it is called “deficit”. A deficit is not an asset but a deduction from equity.

Appropriated retained earnings represent that portion which has been restricted, and therefore, not available for dividend declaration. Unappropriated retained earnings represent that portion which can be declared as dividends to stockholders.

Revenue and Cost Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

Real estate sales

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

In measuring the progress of its performance obligation over time, the Group uses the output method. This method measures progress based on the physical proportion of work done on the real estate project which requires technical determination by the Group’s project engineers. Based on the monthly project accomplishment report approved by the site project manager which integrates the surveys of performance to date of the construction activities.

Cost of real estate sales

Cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of subdivision land and condominium units sold before the completion of the development is determined on the basis of the acquisition cost of the land plus its full development costs, which include estimated costs for future development works, as determined by the Group’s in-house technical staff.

The cost of real estate sales recognized in the consolidated statement of income on disposal is determined with reference to the specific costs incurred on the property, allocated to saleable area based on relative size and takes into account the percentage-of-completion used for revenue recognition purposes.

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

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

Rental income
Rental income under non-cancellable leases of investment properties is recognized in the consolidated statement of income on a straight-line basis over the lease term or based on the terms of the lease contract or certain percentage of the gross revenue of the tenants, as applicable.

Charges and expenses recoverable from tenants
Income arising from expenses recharged to tenants recorded as "Rental dues" presented as part of "Other income" account is recognized in the period in which the compensation becomes receivable.

Cost of rental income
Cost of rental income is recognized in relation to the leasing activities of the Group. This includes depreciation of the investment properties being leased out, rental expense on the land where the property for lease is located, real property taxes and other directly attributable costs.

Rooms and other operated departments
Revenue from room rentals and other ancillary services are recognized at point in time or when the services are rendered. Revenue from other ancillary services include, among others, business center related services and car rentals, food packages, laundry service, telephone service, and spa/gym services.

Costs of services
Costs of services include expenses incurred by the Group for the generation of revenue from room rentals and other ancillary services. Costs of services are expensed as incurred.

Interest income
Interest income is recognized as it accrues.

Other income and other expenses
Other income and other expenses pertain to the gain or loss, respectively, arising from forfeiture or cancellation of prior years' real estate sales, and marketing fees.

<u>Expense Recognition</u>
Expenses are recognized when there is a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Selling and general and administrative expenses
Selling expenses are costs incurred to sell real estate inventories of the Group, which includes commissions, advertising and promotions, among others. General and administrative expenses constitute costs of administering the business. Selling and general and administrative expenses are expensed as incurred.

Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the "Investment properties" account in the consolidated statement of financial position. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete.

Capitalized borrowing cost is based on applicable weighted average borrowing rate for those coming from general borrowings and the actual borrowing costs eligible for capitalization for funds borrowed specifically.
All other borrowing costs are recognized as an expense in the period in which they are incurred.

Retirement Benefits Cost

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

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

Retirement benefits costs comprise the following:

- service cost;
- net interest on the net defined benefit liability or asset; and
- remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as expense in consolidated statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

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

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

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

Income Taxes

Current income tax

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

Deferred income tax

Deferred income tax is determined at the financial reporting date using the balance sheet liability method on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) [excess MCIT] and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences, excess MCIT and unused NOLCO can be utilized before their expiration.

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

Deferred income tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the financial reporting date. Movements in the deferred tax assets and liabilities arising from changes in tax rates are charged or credited to the income for the period.

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

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of income. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Other Comprehensive Income

Other comprehensive income comprises items of income and expense that are not recognized in the consolidated statement of income for the year in accordance with PFRSs.

Basic/Diluted Earnings Per Share

Basic earnings per share is computed by dividing net income for the year attributable to equity holders of the Parent Company by the weighted average number of common shares outstanding during the year, after giving retroactive effect to any stock dividends or stock splits, if any, declared during the year.

Diluted earnings per share is computed in the same manner, with the net income for the year attributable to equity holders of the Parent Company and the weighted average number of common shares outstanding during the year, adjusted for the effect of all dilutive potential common shares.

Foreign Currency-Denominated Transactions and Translations

Transactions denominated in foreign currencies are recorded using the exchange rate at the date of the transaction. Outstanding monetary assets and monetary liabilities denominated in foreign currencies are restated using the exchange rate at the financial reporting date. Non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was determined.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any foreign exchange component of that gain or loss shall be recognized in the consolidated statement of comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognized in the consolidated statement of income, any exchange component of that gain or loss shall be recognized in the consolidated statement of income.

Leases

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

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

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

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated amortization and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follow:

Category	Years
Land	20 to 40
Leasehold improvements	5 or term of the lease, whichever is shorter

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

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

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

Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases of billboard and advertisement space (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment (i.e., printer) that are considered of low value (i.e., below ₱250,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

The Group as lessor
Leases where the Group does not transfer substantially all the risks and benefits of the ownership of the asset are classified as operating leases. Fixed lease payments for non-cancellable lease are recognized in the consolidated statement of income on a straight-line basis over the lease term. Any difference between the calculated rental income and amount actually received or to be received is recognized as deferred rent in the consolidated statement of financial position. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Variable rent is recognized as income based on the terms of the lease contract.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized under “Other income” account in the consolidated statement of income.

The Group as lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Fixed lease payments for non-cancellable lease are recognized as an expense in the consolidated statement of income on a straight-line basis over the lease term while the variable rent is recognized as an expense based on terms of the lease contract.

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

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. When the Group expects a provision or loss to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain and its amount is estimable. The expense relating to any provision is presented in the consolidated statement of income, net of any reimbursement.

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the consolidated financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements.

Events After the Financial Reporting Date
Events after the financial reporting date that provide additional information about the Group's position at the financial reporting date (adjusting events) are reflected in the consolidated financial statements. Events after the financial reporting date that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the consolidated financial statements requires the Group to exercise judgments, make accounting estimates and use assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the accounting estimates to change. The effects of any change in accounting estimates are reflected in the consolidated financial statements as they become reasonably determinable.

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

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on amounts recognized in the consolidated financial statements. Future events may occur which will cause the assumptions used in arriving at the accounting estimates to change. The effect of any change in accounting estimates is reflected in the consolidated financial statements as they become reasonably determinable.

Revenue recognition
Revenue recognition under PFRS 15 involves the application of significant judgment and estimation in the: (a) identification of the contract for sale of real estate property that would meet the requirements of PFRS 15; (b) assessment of the probability that the entity will collect the consideration from the buyer; (c) determination of the transaction price; (d) application of the output/input method as the measure of progress in determining real estate revenue; (e) determination of the actual costs incurred as cost of sales; and (f) recognition of cost to obtain a contract.

1. *Existence of a contract*
   The Group's primary document for a contract with a customer is a signed contract to sell. In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history customer, age and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

2. *Revenue recognition method and measure of progress*
   The Group concluded that revenue for real estate sales is to be recognized over time because (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date.

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

3. *Identifying performance obligation*
   The Group has various contracts to sell covering residential lots and condominium units. The Group concluded that there is one performance obligation in each of these contracts because: (i) for residential lots, the developer integrates the plots it sells with the associated infrastructure to be able to transfer the serviced land promised in the contract; (ii) for the contract covering house or condominium units, the developer has the obligation to deliver the house or condominium unit duly constructed on a specific lot and fully integrated into the serviced land in accordance with the approved plan. Included also in this performance obligation is the Group's service to transfer the title of the real estate unit to the customer.

Provision for expected credit losses of cash and cash equivalents, trade and other receivables and refundable deposits
The Group uses a provision matrix to calculate ECLs for cash and cash equivalents, trade and other receivables and refundable deposits. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, property collaterals and coverage by letters of credit and other forms of credit insurance).

The assessment of the correlation between historical observed default rates, forecast economic conditions (i.e., gross domestic product and inflation rate) and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future. The information about the ECLs on the Group's trade and other receivables and refundable deposits is disclosed in Note 5.

Operating lease commitments - the Group as lessor
The Group has entered into commercial property leases of its investment properties. The Group has determined that it retains all significant risks and rewards of ownership of these properties which are leased out on operating leases. Rental income recognized by the Group amounted to ₱423.9 million and ₱470.3 million in the first quarters of 2021 and 2020, respectively.

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

The Group included the renewal period as part of the lease term for leases of plant and machinery with shorter non-cancellable period (i.e., three to five years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of plant and machinery with longer non-cancellable periods (i.e., 10 to 15 years) are not included as part of the lease term as these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Group typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Classification of properties
The Group determines whether a property is classified as investment property or real estate inventory as follows:

- Investment property comprises land, condominium units and buildings (principally offices, commercial and retail property) 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 for capital appreciation.
- Real estate inventory comprises property that is held for sale in the ordinary course of business. Principally, this is a residential property that the Group develops and intends to sell before or on completion of construction.

The carrying values of the Group's investment properties and real estate inventories amounted to ₱20,940.4 million and ₱4,145.2 million as of March 31, 2021, respectively, and ₱20,882.7 million and ₱4,142.3 million as of December 31, 2020, respectively.

Distinction between investment properties and owner-occupied properties
The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flow largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to the other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions cannot be sold separately as of the financial reporting date, the property is accounted for as investment property only if an insignificant portion is held for use in the production or supply of goods or services or 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.

The carrying values of the Group's investment properties and property and equipment amounted to ₱20,940.4 million and ₱807.4 million as of March 31, 2021, respectively, and ₱20,882.7 million and ₱822.3 million as of December 31, 2020, respectively.

Determination of fair value of financial and nonfinancial instruments
Where the fair values of financial and nonfinancial instruments recorded or disclosed in the consolidated financial statements cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values (see Note 5).

Provisions and contingencies
The Group is currently involved in legal proceedings. Management and its legal counsels believe that the Group has substantial legal and factual bases for its position and is of the opinion that losses arising from these legal actions, if any, will not have a material adverse impact on the Group's financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in estimates or in the effectiveness of strategies relating to these proceedings. The Group did not recognize any provision in the first quarters of 2021 and 2020.

<u>Accounting Estimates and Assumptions</u>
The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

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

In measuring the progress of its performance obligation over time, the Group uses the output method.

Real estate sales and cost of real estate sales amounted to₱55.6 million and ₱21.1 million, respectively in the first quarter of 2021, respectively, and ₱140.8 million and ₱57.4 million in the first quarter of 2020, respectively.

Estimation of allowance for expected credit losses of debt instruments at amortized cost
The level of allowance for loans and receivables is evaluated by management based on past collection history and other factors which include, but are not limited to the length of the Group's relationship with the customer, the customer's payment behavior and known market factors that affect the collectability of the accounts. The Group recognized allowance for impairment on its contracts receivable, lease receivable and refundable deposits amounting to ₱0.6 million, ₱62.6 million and ₱5.6 million as of March 31, 2021 and ₱0.6 million, ₱57.6 million and ₱5.6 million as of December 31, 2020, respectively.

Measurement of net realizable value of real estate inventories
The Group adjusts the cost of its real estate inventories to net realizable value (NRV) based on its assessment of the recoverability of cost of the inventories. NRV for completed real estate inventories is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group in the light of recent market transactions. NRV in respect of real estate inventories under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less estimated costs to sell. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

As of March 31, 2021 and December 31, 2020, real estate inventories, which are carried at cost, amounted to ₱4,145.2 million and ₱4,142.3 million, respectively.

Leases - Estimating the IBR
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as risk-free interest rates) when available and is required to make certain entity-specific estimates (such as the Group's stand-alone credit risk rating).

The Group's lease liabilities amounted to ₱495.5 million and ₱494.0 million as of March 31, 2021 and December 31, 2020, respectively.

Estimation of useful lives of investment properties, and property and equipment excluding land and construction in progress, right-of-use assets, and software
The Group estimates the useful lives of its investment properties, property and equipment, right-of-use assets and software based on the period over which the assets are expected to be available for use. The estimated useful lives of the investment properties, property and equipment, right-of-use assets and software are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned above. A reduction in the estimated useful lives of investment properties, property and equipment, right-of-use assets and software would increase depreciation and amortization expense and decrease noncurrent assets.

There were no changes in the estimated useful lives of depreciable investment properties, property and equipment, right-of-use assets and software in the first quarters of 2021 and 2020. The carrying values of the Group's investment properties (excluding land and construction in progress), property and equipment, right-of-use assets and software amounted to ₱9,142.1 million, ₱807.4 million, ₱241.2 million and ₱10.6 million as of March 31, 2021, respectively, and ₱9,211.3 million, ₱822.3 million, ₱247.6 million and ₱12.4 million, respectively, as of December 31, 2020.

Assessment of impairment of noncurrent nonfinancial assets and estimation of recoverable amount
The Group evaluates its nonfinancial assets, which include investment properties, property and equipment, right-of-use assets, and software, for any impairment in value. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

As described in the accounting policy, the Group estimates the recoverable amount as the higher of the asset's fair value less costs to sell and value-in-use. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that can materially affect the consolidated financial statements.

The Group did not identify any indications of impairment, thus, it believes that the carrying amounts of its investment properties, property and equipment, right-of-use assets, and software amounting to ₱20,940.4 million, ₱807.4 million, ₱241.2 million and ₱10.6 million as of March 31, 2021, respectively, and ₱20,882.7 million, ₱822.3 million, ₱247.6 million and ₱12.4 million, respectively, as of December 31, 2020 approximate their recoverable amounts.

Estimation of retirement benefits costs and liability
The determination of the Group's retirement benefits costs and liability is dependent on selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include among others, discount rate and salary increase rate. While the Group believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions will materially affect retirement benefits obligations.

As of March 31, 2021 and December 31, 2020, retirement benefits liability amounted to ₱149.6 million and ₱143.7 million, respectively. Retirement benefits cost amounted to ₱5.7 million, and ₱2.7 million in the first quarters of 2021 and 2020, respectively.

Recognition of deferred income tax assets
The Group reviews the carrying amounts of deferred income tax assets at each financial reporting date and makes adjustments to it to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. The Group looks at its projected financial performance in assessing the sufficiency of future taxable income.

As of March 31, 2021 and December 31, 2020, the Group recognized deferred income tax assets amounting to ₱216.8 million and ₱217.2 million, respectively.

4. Segment Information

Operating segments are components of the Group: (a) that engage in business activities from which the Group may earn revenues and incur losses and expenses (including revenues and expenses relating to transactions with other components of the Group); (b) whose operating results are regularly reviewed by the Group's chief operating decision maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available. The Group's CODM is the Parent Company's BOD. The Parent Company's BOD regularly reviews the operating results of the business units to make decisions on resource allocation and assess performance. Segment revenues and segment expenses are measured in accordance with PFRSs.

The presentation and classification of segment revenues and segment expenses are consistent with those in the consolidated statements of income. Financing costs (including interest expense) and income taxes are managed on a per company basis and are not allocated to operating segments.

Further, the measurement of the segment assets is the same as those described in the summary of significant accounting and financial reporting policies.

The Group has only one geographical segment as all of its assets are located in the Philippines. The Group operates and derives all of its revenue from domestic operations. Thus, geographical business information is not required.

Revenue is recognized to the extent that it is probable that those economic benefits will flow to the Group and that the revenue can be reliably measured. The Group does not have revenue from transaction with a single external customer, which amount to 10% or more of the Group's revenues.

Segment expenses are those directly attributable to the segment and the relevant portion of an expense that can be allocated on a reasonable basis to the segment, including expenses such as direct costs and expenses and general and administrative expenses.

The business segments where the Group operates follow:

- Residential developments - sale of residential lots and condominium units; and,
- Leasing activities - development of Business Process Outsourcing (BPO) buildings, and commercial spaces and condominium units for lease.
- Serviced apartments - operations of rooms and other operated departments at "The Mini Suites" in Eton Tower Makati

Considering the nature of the business segments, there were no intersegment revenues generated for all periods.

<u>2021</u>

	Residential Developments	Leasing Activities	Serviced Apartments	Unallocated Corporate Balance	Consolidated
Revenue from external customers	**₱55,602,927**	**₱423,942,089**	**₱54,706,481**	**₱–**	**₱534,251,497**
Direct costs	**(21,129,273)**	**(112,200,109)**	**(28,518,339)**	**–**	**(161,847,721)**
Gross profit	**34,473,654**	**311,741,980**	**26,188,142**	**–**	**372,403,776**
Selling, general and administrative expenses	**(3,146,825)**	**–**	**–**	**(139,744,595)**	**(142,891,420)**
Operating income	**31,326,829**	**311,741,980**	**26,188,142**	**(139,744,595)**	**229,512,356**
Interest income	**2,475,480**	**–**	**–**	**1,912,978**	**4,388,459**
Other income (charges) - net	**(20,861,540)**	**(12,773,452)**	**10,451,027**	**46,858,114**	**23,674,149**
Finance charges	**–**	**–**	**–**	**(57,459,287)**	**(57,459,287)**
Provision for income tax	**–**	**–**	**–**	**(50,365,230)**	**(50,365,230)**
Segment profit	**₱12,940,769**	**₱298,968,528**	**₱36,639,169**	**(₱198,798,020)**	**₱149,750,446**
Other information					
Segment assets	**₱6,332,386,402**	**₱13,088,651,247**	**₱822,488,879**	**₱11,673,856,759**	**₱31,917,383,287**
Segment liabilities	**₱2,075,906,707**	**₱1,045,973,221**	**₱38,717,355**	**₱9,965,572,366**	**₱13,126,169,649**
Segment additions to property and equipment, investment properties and software	**₱–**	**₱131,548,020**	**₱–**	**₱3,679,621**	**₱135,227,641**
Depreciation and amortization	**₱11,458,655**	**₱69,016,770**	**₱13,393,396**	**₱6,741,368**	**₱100,610,189**

2020

	Residential Developments	Leasing Activities	Serviced Apartments	Unallocated Corporate Balance	Consolidated
Revenue from external customers	₱140,785,460	₱470,272,723	₱52,764,574	₱–	₱663,822,757
Direct costs	(57,383,943)	(113,336,540)	(29,166,889)	–	(199,887,372)
Gross profit	83,401,517	356,936,183	23,597,685	–	463,935,385
Selling, general and administrative expenses	(8,762,834)	–	–	(202,946,899)	(211,709,733)
Operating income	74,638,683	356,936,183	23,597,685	(202,946,899)	252,225,652
Interest income	1,456,492	–	–	9,372,207	10,828,699
Other income (charges) - net	(5,537,474)	45,236,168	2,134,572	10,228,086	52,061,352
Finance charges	–	–	–	(75,489,317)	(75,489,317)
Provision for income tax	–	–	–	(70,498,369)	(70,498,369)
Segment profit	₱70,557,701	₱402,172,351	₱25,732,257	(₱329,334,292)	₱169,128,017
Other information					
Segment assets	₱6,485,348,153	₱13,157,108,390	₱857,977,895	₱11,321,502,677	₱31,821,937,115
Segment liabilities	₱2,169,779,605	₱899,966,707r	₱32,623,664	₱10,078,103,947	₱13,180,473,923
Segment additions to property and equipment, investment properties and software	₱2,976,002	₱140,140,969	₱1,724,838	₱–	₱144,841,809
Depreciation and amortization	8,496,193	81,156,501	15,377,150	–	105,029,844

5. Financial Risk Management Objectives and Policies

The Group's principal financial instruments are cash and cash equivalents, payables to landowners and loans payable. The main purpose of these financial instruments is to finance the Group's operations. The Group has various financial assets and financial liabilities such as trade and other receivables, refundable deposits, trade and other payables and security deposits, which arise directly from its operations.

It is the Group's policy that no trading of financial instruments shall be undertaken. Management closely monitors the cash fund and financial transactions of the Group. Cash funds are normally deposited with banks considered as related parties, and financial transactions are normally dealt with related parties. These strategies, to an extent, mitigate the Group's interest rate and credit risks.

Exposure to credit, liquidity, interest rate and foreign currency risks arise in the normal course of the Group's business activities. The main objectives of the Group's financial risk management are: (a) to identify and monitor such risks on an ongoing basis, (b) to minimize and mitigate such risks, and (c) to provide a degree of certainty about costs.

The BOD reviews and approves the policies for managing these risks which are described below.

Credit risk
Credit risk is the risk that the Group will incur a loss because its counterparties failed to discharge their contractual obligations. The Group's credit risks are primarily attributable to cash in banks and cash equivalents, contracts receivables and other financial assets.

Credit risk is managed primarily through analysis of receivables on a continuous basis. In addition, the credit risk for contracts receivables is mitigated as the Group has the right to cancel the sales contract without the risk for any court action and can take possession of the subject property in case of refusal by the buyer to pay on time the contracts receivables due. This risk is further mitigated because the corresponding title to the property sold under this arrangement is transferred to the buyers only upon full payment of the contract price.

The carrying amount of cash in banks and cash equivalents, trade and other receivables, and refundable deposits represent the Group's maximum exposure to credit risk.

As of March 31, 2021 and December 31, 2020, the Group's maximum exposure to credit risk for the components of the consolidated statements of financial position follows:

	March 31, 2021	December 31, 2020
Financial assets at amortized cost		
Cash in banks and cash equivalents	**₱1,211,591,601**	₱1,404,157,944
Trade and other receivables:		
Contracts receivables	**1,071,449,227**	1,165,037,396
Receivable from buyers	**509,196,878**	460,064,791
Lease receivables	**375,497,627**	256,526,347
Receivable from related parties	**25,000,000**	25,000,000
Receivable from tenants	**54,492,553**	22,046,442
Others*	**441,526,704**	381,208,743
Refundable deposits	**160,926,242**	162,363,932
	₱3,849,680,832	₱3,876,405,595

**Excluding advances to officers and employees amounting to ₱2.0 million and ₱0.4 million as of March 31, 2021 and December 31, 2020, respectively.*

Set out below is the information about the credit risk exposure on the Group's financial assets using a provision matrix.

As of March 31, 2021:

	Cash in banks and cash equivalents	Refundable deposits	Trade and other receivables					Totals
				Days past due				
			Current	<30 days	30-60 days	61-90 days	> 91 days	
Expected credit loss rate	–%	**27.00% - 100.00%**	0.01 - 15.66%	0.03%- 39.47%	0.05%- 100.00%	0. 09%- 100.00%	2.00%- 100.00%	
Estimated total gross carrying amount at default	**₱1,211,591,601**	**₱166,535,727**	**₱805,174,681**	**₱50,678,443**	**₱33,193,229**	**₱41,822,967**	**₱627,701,688**	**₱1,558,571,008**
Expected credit loss	**₱–**	**₱5,609,485**	**₱213,332**	**₱8,391,114**	**₱2,427,553**	**₱27,778,816**	**₱24,371,007**	**₱63,181,822**

As of December 31, 2020:

	Cash in banks and cash equivalents	Refundable deposits	Trade and other receivables					Totals
				Days past due				
			Current	<30 days	30-60 days	61-90 days	> 91 days	
Expected credit loss rate	**–%**	**27.00% - 100.00%**	**0.01 - 15.66%**	**0.03%- 39.47%**	**0.05%- 100.00%**	**0. 09%- 100.00%**	**2.00%- 100.00%**	
Estimated total gross carrying amount at default	₱1,404,157,944	₱167,973,417	₱437,569,104	₱137,367,260	₱82,563,031	₱170,043,197	₱716,771,029	₱1,544,313,621
Expected credit loss	₱–	₱5,609,485	₱213,332	₱8,391,114	₱2,427,553	₱27,778,816	₱19,371,007	₱58,181,822

Movement of the allowance for expected credit losses in the first quarters of 2021 and 2020 follow:

	2021	2020
Beginning balances	**₱63,791,307**	₱63,605,124
Provision for the period	**5,000,000**	57,559,138
Ending balances	**₱68,791,037**	₱121,164,262

The Group is not exposed to concentration risk because it has a diverse base of counterparties.

Liquidity risk
Liquidity risk is defined as risk that the Group would not be able to settle or meet its obligations on time. The Group maintains sufficient cash in order to fund its operations.

In mitigating liquidity risk, management measures and forecasts its cash commitments, matches debt maturities with the assets being financed, maintains a diversity of funding sources with its unhampered access to bank financing and the capital markets and develops viable funding alternatives through its customers' deposits arising from the Group's pre-selling activities.

The tables below show the maturity profile of the Group's other financial liabilities (undiscounted amounts of principal and related interest) as well as the undiscounted cash flows from financial assets used for liquidity management.

As of March 31, 2021:

	On demand	**Less than 1 year**	**1 - 5 years**	**Total**
Financial liabilities:				
Trade and other payables:				
Accounts payables*	**₱–**	**₱939,394,839**	**₱–**	**₱939,394,839**
Retentions payable	**–**	**613,134,243**	**–**	**613,134,243**
Accrued expenses	**–**	**1,573,361,457**	**–**	**1,573,361,457**
Loans payable	**–**	**1,524,557,928**	**5,207,463,856**	**6,732,021,784**
Payable to landowners	**–**	**–**	**1,061,190,858**	**1,061,190,858**
Security deposits***	**–**	**217,697,558**	**427,833,900**	**645,531,458**
	₱–	**₱4,868,146,025**	**₱6,696,488,614**	**₱11,564,634,639**
Financial assets:				
Cash and cash equivalents	**₱546,547,256**	**₱668,190,339**	**₱–**	**₱1,214,737,595**
Trade and other receivables**	**–**	**1,883,987,966**	**593,175,023**	**2,477,162,989**
	₱546,547,256	**₱2,552,178,305**	**₱593,175,023**	**₱3,691,900,584**

**Excluding payable to government agencies amounting to ₱5.5 million.*
***Excluding advances to officers and employees amounting to ₱2.0 million.*
****Including interest to maturity amounting to ₱712.9 million.*

As of December 31, 2020:

	On demand	Less than 1 year	1 - 5 years	Total
Financial liabilities:				
Trade and other payables:				
Accounts payables*	₱–	₱1,143,897,246	₱–	₱1,143,897,246
Retentions payable	–	630,023,201	–	630,023,201
Accrued expenses	–	1,371,607,400	–	1,371,607,400
Loans payable	–	845,122,559	5,267,777,441	6,112,900,000
Payable to landowners	–	–	1,061,190,858	1,061,190,858
Security deposits***	–	217,142,862	371,823,634	588,966,496
	₱–	₱4,207,793,268	₱6,700,791,933	₱10,908,585,201
Financial assets:				
Cash and cash equivalents	₱636,449,630	₱767,708,314	₱–	₱1,404,157,944
Trade and other receivables**	–	1,677,780,164	632,103,555	2,309,883,719
	₱636,449,630	₱2,445,473,478	₱632,103,555	₱3,714,026,663

**Excluding payable to government agencies amounting to ₱4.5 million.*
***Excluding advances to officers and employees amounting to ₱0.4 million.*
****Including interest to maturity amounting to ₱29.2 million.*

Foreign currency risk
Foreign exchange risk is the risk on volatility of earnings or capital arising from changes in foreign exchange rates, mainly US Dollar to Peso exchange rate. The Group's exposure to foreign currency risk arises from US Dollar-denominated cash and cash equivalents.

The following table shows the Group's cash and cash equivalents denominated in US dollar and their peso equivalents as of March 31, 2021 and December 31, 2020.

	US Dollar Value	Peso Equivalent
March 31, 2020	**$1,448,116**	**₱70,190,183**
December 31, 2020	$1,571,436	₱75,460,357

The exchange rate used as of March 31, 2021 and December 31, 2020 were ₱48.47 to US$1.00 and ₱48.02 to US$1.00, respectively. The Group recognized net foreign exchange gain amounting to ₱0.6 million in the first quarter of 2021 and net foreign exchange loss amounting to ₱40,359 in the first quarter of 2020.

Fair Value Information

Presented below is the comparison of the carrying values and fair values of the Group's financial assets and liabilities that are presented in the consolidated statements of financial position as of March 31, 2021 and December 31, 2020.

	2021		2020	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Cash on hand	**₱3,145,994**	**₱3,145,994**	₱3,115,768	₱3,115,768
Loans and receivables:				
Cash in banks and cash equivalents	**1,211,591,601**	**1,211,591,601**	1,404,157,944	1,404,157,944
Contracts receivables	**1,071,449,227**	**1,071,449,227**	1,165,037,396	1,165,037,396
Receivables from buyers	**509,196,878**	**509,196,878**	460,064,791	460,064,791
Lease receivables	**375,497,627**	**375,497,627**	256,526,347	256,526,347
Refundable deposits**	**160,926,242**	**160,926,242**	162,363,932	162,363,932
Receivable from related party	**25,000,000**	**25,000,000**	25,000,000	25,000,000
Receivables from tenants	**54,492,553**	**54,492,553**	22,046,442	22,046,442
Others*	**441,526,704**	**441,526,704**	381,208,743	381,208,743
	₱3,852,826,826	**₱3,852,826,826**	₱3,879,521,363	₱3,879,521,363
Financial Liabilities				
Other financial liabilities:				
Trade and other payables:				
Accounts payable***	**₱939,394,839**	**₱939,394,839**	₱1,143,881,136	₱1,143,881,136
Retentions payable	**613,134,243**	**613,134,243**	630,023,201	630,023,201
Accrued expenses	**1,573,361,457**	**1,573,361,457**	1,371,607,400	1,371,607,400
Loans payable	**6,000,084,730**	**5,308,170,267**	6,091,735,934	6,105,612,559
Payables to landowners	**1,061,190,858**	**1,061,190,858**	1,061,190,858	1,061,190,858
Security deposits****	**616,371,325**	**646,888,290**	588,966,496	618,126,629
	₱10,803,537,452	**₱10,142,139,954**	₱10,887,405,025	₱10,930,441,783

** Excluding advances to officers and employees amounting to ₱2.0 million and ₱0.4 million as of March 31, 2021 and December 31, 2020, respectively.*
*** Presented as part of "Other noncurrent assets" account.*
**** Excluding payable to government agencies amounting to ₱5.5 million and ₱4.5 million as of March 31, 2021 and December 31, 2020, respectively.*
***** Presented as part of "Deposits and other liabilities" and "Other noncurrent liabilities" accounts.*

The following methods and assumptions are used to estimate the fair value of each class of financial and non-financial instruments:

Cash and cash equivalents, trade and other receivables, trade and other payables

The carrying values of cash and cash equivalents, trade and other receivables and trade and other payables, approximate their fair values due to the short-term nature of these financial instruments. The noncurrent portion of trade receivables is interest-bearing with interest rates that approximate market interest rates as of March 31, 2021 and December 31, 2020.

Refundable deposits

The carrying value of deposits is the best estimate of its fair value since the related contracts and agreements pertaining to these deposits have indeterminable terms.

Loans payable, payables to landowners and security deposits

The fair values of loans payable, payables to landowners and security deposits are estimated using the discounted cash flow method based on the discounted value of future cash flows using the applicable risk-free rates for similar types of instruments. The discount rates used range from 3.43% to 6.00% as of March 31, 2021 and December 31, 2020. Management has determined the inputs to be Level 3.

The Group uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

- quoted prices in active markets for identical assets (Level 1);
- those involving inputs other than quoted prices included in Level 1 that are observable for the asset, either directly (as prices) or indirectly (derived from prices) (Level 2); and,
- those inputs for the asset that are not based on observable market data (unobservable inputs) (Level 3).

In the first quarters of 2021 and 2020, there were no transfers between Levels 1 and 2 fair value measurements, and no transfers into and out of Level 3 measurements..

SUMMARY OF KEY PERFORMANCE INDICATORS

			March 30, 2021		December 31, 2020 (BS Ratio) March 31, 2020 (P&L Ratio)	
A.	**CURRENT RATIO**					
		current assets	8,934,024,121	1.50	8,832,453,648	1.59
		current liabilities	5,955,413,317		5,555,944,648	
B.	**DEBT TO EQUITY RATIO**					
		total liabilities	13,126,169,649	0.70	13,180,473,923	0.71
		stockholders' equity	18,791,213,638		18,641,463,192	
C.	**QUICK RATIO**					
		cash & cash equivalent	1,214,737,595		1,407,273,712	
		receivable(current)	1,886,028,765		1,678,222,260	
			3,100,766,360	0.52	3,085,495,972	0.56
		current liabilities	5,955,413,317		5,555,944,648	
D.	**ASSET TO EQUITY RATIO**					
		total assets	31,917,383,287	1.70	31,821,937,115	1.71
		total equity	18,791,213,638		18,641,463,192	
E.	**INTEREST COVERAGE RATIO**					
		EBIT	257,531,581	4.49	315,088,515	4.18
		Interest expense	57,415,905		75,462,129	
F.	**GP RATE ON REAL ESTATE SALES**					
		gross profit	34,473,654	0.62	83,401,517	0.59
		real estate sales	55,602,927		140,785,460	
G.	**GP RATE ON RENTAL INCOME**					
		gross profit	311,741,980	0.74	356,936,182	0.76
		rental income	423,942,089		470,272,722	
H.	**BASIC EARNINGS PER SHARE**					
		net income after tax	149,750,446	0.026	169,128,016	0.030
		weighted average no of shares	5,723,007,872		5,723,007,872	